

# **A Review of the Alignment Between the Integrated Development Plan and the Performance Management System of the Capricorn District Municipality**

by  
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## DECLARATION

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## ABSTRACT

Local government in South Africa is mandated by legislation to develop an Integrated Development Plan (IDP) and a performance management system to direct and ensure the delivery of services to the communities that the municipalities serve. The implementation of performance management systems to plan, monitor and evaluate service delivery is not a new concept for the public sector. The development of the IDP and performance management system is an integrated process that requires municipalities to be able to align the planning, monitoring and evaluation processes. These processes should be undertaken to ensure that there is improved provision of service delivery. If planning processes fail to integrate performance management in the IDP and Service Delivery Budget Implementation Plan (SDIBP), monitoring and evaluation processes will not inform the affected municipalities on areas that must be improved to achieve better service delivery.

In South Africa the importance of implementing a performance management system that is aligned with the IDP is enshrined in local government legislation. The implementation of the legislation to realise alignment is achieved through a systematic approach that starts with the way in which a municipality is institutionally arranged to promote performance, as well as the processes of developing the IDP as set objectives, key performance indicators and targets, and undertaking monitoring and evaluation processes to measure whether the IDP objectives and key performance indicators are achieved.

The research is a case study reviewing the alignment of the IDP and performance management system of the Capricorn District Municipality (CDM). The study used purposive sampling and literature review to investigate the extent to which the IDP and performance management systems of CDM are aligned. The study recommends improvements that the CDM can implement to align the IDP and performance management system better based on the policy and legislative framework requirements for integrated development planning and performance management. It also suggests processes to develop the IDP and performance management system of the CDM and assesses the extent to which the CDM performance management system aligns with, and monitors and evaluates the IDP.

## OPSOMMING

Plaaslike regering in Suid-Afrika word deur wetgewing bemagtig om 'n Geïntegreerde Ontwikkelingsplan [GOP] en prestasiebestuurstelsel te ontwikkel om rigting te gee en sodoende dienslewering aan die munisipaliteite wat hulle bedien, te verseker. Die implementering van prestasiebestuurstelsels om dienslewering te beplan, monitor en evalueer is nie 'n nuwe konsep in die publieke sektor nie. Die ontwikkeling van die GOP en prestasiebestuurstelsel is 'n geïntegreerde proses wat munisipaliteite in staat stel om die beplanning, monitering en evaluering in lyn met mekaar te stel. Hierdie prosesse moet onderneem word om verbeterde dienslewering te verseker. Indien beplanningsprosesse faal om prestasiebestuur te integreer met die GOP en die Dienslewering- en Begrotingsimplementeringsplan [DLBIP], sal monitorings- en evalueringsprosesse nie die betrokke munisipaliteit kan inlig rakende areas wat moet verbeter om beter dienslewering te bereik.

In Suid-Afrika is die belangrikheid om 'n prestasiebestuurstelsel te implementeer wat in lyn is met die GOP, vasgelê in plaaslike bestuur wetgewing. Die implementering van die wetgewing om inskakeling te realiseer word bereik deur 'n sistematiese benadering wat begin by die manier waarop 'n munisipaliteit institusioneel gerat is om prestasie te bevorder sowel as die prosesse vir ontwikkeling van die GOP as 'n stel vasgestelde doelwitte, sleutel prestasie indikators en teikens en dan die moniterings- en evaluasieprosesse om te meet of die GOP doelwitte en sleutel prestasie indikators wel behaal is.

Die navorsing is 'n gevalle studie wat die integrasie tussen die GOP en prestasiebestuurstelsel van die Capricorn Distrik Munisipaliteit (CDM) ontleed. Die studie gebruik doelgerigte steekproewe en literêre oorsig om die omvang van integrasie tussen CDM se GOP en prestasiebestuurstels te ondersoek. Die studie beveel verbeterings aan wat die CDM kan implementeer om integrasie tussen die GOP en prestasiebestuurstelsel te verbeter, gebaseer op die beleid en wetgewende raamwerk vereistes vir geïntegreerde ontwikkelingsbeplanning en prestasiebestuur. Verder stel dit ook prosesse voor vir die ontwikkeling van die GOP en prestasiebestuurstelsel by CDM en bereken die omvang waartoe die CDM se prestasiebestuurstelsel inskakel met die GOP en dit ook moniteer en evalueer.

## DEDICATION

To the Almighty God, for without you who am I? Thank you heavenly Father; all my achievements come from you. When I lost hope you gave me strength to continue and achieve.

I wish to thank the following persons for their contributions towards my research:

My supervisor, Dr. B. Rabie, for guiding me throughout this process and for advising me. Not only did you always provide constructive criticism on the research paper, you also motivated me to persevere and succeed when I lost hope.

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## GLOSSARY

***Evaluation*** – process of judging effectiveness and providing feedback on the performance of a programme and/or project, as well as its management and implementation for decision-making processes (Langbein & Felbinger, 2006:3)

***Goals*** – broad statement of intent that reflect value that the institution will add in terms of its response to the needs and demand of its key constituencies (Minnaar, 2010:59)

***IDP*** – local government strategic plan that sets service delivery objectives, key performance indicators and targets that the local council must achieve

***Monitoring*** – a continuous process of gathering data and measuring it against the set targets to achieve outputs and outcomes

***Outputs*** – concrete short-term results achieved after undertaking activities to achieve an outcome

***Outcomes*** – the values or consequences that a specific strategy of an organisation intends to achieve

***Performance indicators*** – quantitative or qualitative variables that provide a simple and reliable means to measure achievement, to reflect changes connected to an intervention, or to help an organisation against stated outcomes (Kusek & Rist, 2004:65)

***Performance*** -the action of doing things. Performance produces output – tangible work in the form of some product, service or knowledge (Maila, 2006:8).

***Performance management***- is a process of establishing a shared understanding of what is to be achieved, how it is to be done, and an approach to managing which increases the probability of achieving job-related success (Ravhura, 2006:8).

***Performance management system*** -the setting IDP performance objectives and targets, and measuring performance against objectives and targets through monitoring and evaluation processes.

***Priorities*** – important organisational issues that need immediate or short-term attention to address an identified development challenge

***Service Delivery and Budget Implementation Plan (SDBIP)*** – a management, implementation and monitoring tool that gives effect to the IDP and budget of the municipality (National Treasury, 2005:2).

***Targets*** – specifications of the amount or level of outcome attainment expected (Patton, 1997:431)

# **CHAPTER 1 : RESEARCH OVERVIEW AND INTRODUCTION**

## **1.1 Introduction**

Local government in South Africa is the sphere of government that is closest to the communities and provides basic services. For municipalities to provide services to the communities they are required in terms of local government legislation to develop an integrated development plan (IDP) and performance management system (PMS). The intention of developing an IDP and performance management system is to ensure that municipalities plan for, monitor and evaluate the extent to which there is improved provision of services to the communities.

Municipalities have been developing IDPs and performance management systems since their establishment after the 1994 election. This chapter introduces the empirical and pragmatic data that motivated the research study to review the alignment of the IDP and performance management. The study uses qualitative research design and the Capricorn District Municipality (CDM) as a case study to investigate how well the CDM aligns its IDP and performance management system.

## **1.2 Background and rationale of the research**

Since the advent of democracy in South Africa in 1994, there have been a number of reforms in the country to improve the provision of services by government. The Constitution of the Republic of South Africa; the Municipal Structures Act of 1998 (Act 27 of 1998), the Municipal System Act of 2000 (Act 32 of 2000) and the Municipal Finance Management Act of 2003 (Act 56 of 2003) place municipalities at the forefront for providing basic services such as water, waste management, electricity, reticulation, sanitation, roads, storm-water drainage, land planning and control, and transport planning to the communities (Van Donk, Swilling, Pieterse & Parnell, 2008:3). Local government is mandated with the responsibility of providing basic services to communities. The delivery of basic services is to be achieved through the development of an IDP and performance management system as articulated in the Municipal Systems Act of 2000 (Act 106 of 2000).

Chapter 5 of the Municipal Systems Act of 2000 (Act 32 of 2000) section 35 (1)(a) states that the IDP is the principal strategic planning instrument which guides and informs all planning and development, and all decisions with regard to planning, management and development in municipalities. In terms of section 26 of the Act, the components of the IDP entail that the plan must

assess the level of development in a municipal area, and develop council priorities and objectives, including key performance indicators and performance targets for the council's five-year term. According to Jansen (2003:42), the IDP is a South African local municipal planning tool that sets out the vision, priorities, objectives and strategies of a municipal council to develop that municipality. It provides municipalities with the tool to align strategic objectives, budgeting and project implementation to ensure the provision of basic services (Van Donk *et al*, 2008:321). Therefore the IDP determines the desired level of development by setting the vision, objectives, targets and key performance indicators that must be met by the council during its the five-year term.

In South Africa, the performance of municipalities delivering services has been a much-debated topic. The media have carried almost daily reports that municipalities have limitations in providing services to the communities in accordance with the adopted IDP. According the *City Press* (12 March 2011), since the elections in 2006, thousands of township and squatter camp dwellers across the country, voting with their matchboxes, have protested violently against dysfunctional municipal governments. The protests of communities with regard to service delivery have raised concerns about the ability of municipalities to develop systems that plan, monitor and evaluate the level of service delivery. In the State of Local Government of South Africa Report, the Department of Cooperative Governance and Traditional Affairs (CoGSTA, 2009:37) made an observation that IDP credibility does not necessarily mean effective implementation and the litany of service delivery challenges can become overwhelming for municipalities. It is therefore important that municipalities must be able to overcome some service delivery challenges by developing a performance management system that will assess the level of implementation of the IDP with the intention of improving the provision of service.

A performance management system in local government can be described as the primary mechanism to monitor, review and assess the implementation of the municipality's IDP (Van der Walddt, 2004:352). According to the Municipal Systems Act of 2000, section 38 subsection 2(a)(1) (2000) states that a municipality must establish a performance management system that is commensurate with its resources, best suited to its circumstances, and in line with the priorities, objectives, indicators and targets contained in its IDP. In terms of section 41(a-e) of the Municipal Systems Act (Act 32 of 2000), a performance management system of a municipality must set key performance indicators and targets for measuring performance with regard to the IDP development priorities and objectives, must monitor performance by taking steps to improve performance, and establish regular



processes for reporting to the council on the level of performance against the set key performance indicators and targets set out in the IDP. A performance management system is a tool to monitor and evaluate the implementation of the set key performance indicators and targets of a municipal council's IDP. It is implemented with the intention of improving the provision of services to the communities. Without both an IDP and performance management system municipalities will not be able to set priorities, key performance indicators and targets of the council and monitor and evaluate the level of service provision to the communities.

### **1.3 Problem statement**

Local government has been in the news, sometimes for days on end, particularly with regard to communities having made forceful requests for improved service (Pretorius & Schurink, 2007:9). Despite the clear legislative provisions on the alignment of the IDP and performance management system, municipalities seem to be challenged by this alignment as a tool to plan, monitor and evaluate the level of service delivery. The poor alignment of the IDP and performance management in local government is attributed to the manner in which municipalities are institutionally arranged. During the 2011/2012 financial year, the Auditor General found the alignment of the IDP and performance management system in the CDM to be limited, with some 66% of the planned indicators and targets as per the approved IDP not being consistent with the reported indicators and targets (Auditor General, 2012:4). Furthermore, of a total of 354 targets planned for the year under review as per the annual performance report, 145 of these were not achieved during that time. Such poor alignment of the IDP and performance management system hampers the planning, monitoring and evaluation of levels of service delivery and so contributes to the service delivery challenges that municipalities are currently facing.

### **1.4 Research question**

The research made use of the local government legislative framework that outlines the importance of developing seamless IDP and performance management systems (PMS) to improve service delivery. Therefore the research strives to answer the research question:

*Does the integrated development plan of the Capricorn District Municipality align with the performance management system of the municipality?*

## **1.5 Research aims and objectives**

The aim of the study is to analyse the alignment of the IDP and PMS of the Capricorn District Municipality (CDM).

The study pursues the following specific objectives:

- to explain the importance of the integrated development plan and performance management systems in managing performance within the local government context;
- to investigate the South African policy and legislative framework requirements for the IDP and performance management;
- to investigate the development and implementation of the IDP and the performance management system in the CDM;
- to assess the extent to which the performance management system of the CDM aligns with, and monitors and evaluates the IDP of the municipality.

## **1.6 Research design**

The nature of the research is qualitative and exploratory. Fossey, Harvey, McDermott and Davidson (2002:717) define qualitative research methods as methods that “describe and explain a person’s experiences, behaviours, interactions and social contexts without the use of statistical procedures or quantification”. Qualitative methods focus primarily on the kind of evidence (what people tell one, what they do) that will enable the researcher to understand the meaning of what is going on (Gillham, 2000:120). The researcher used the exploratory research design to gain further insights with regard to the implementation of an effective performance management system in the municipality under scrutiny. Struwig and Stead (2001:7) define the exploratory approach as research into an area that has not been studied and with regard to which a researcher wants to develop initial ideas and a more focused research question. Exploratory design focuses on answering the “what” question, while descriptive design focuses on answering questions such as “who”, “when”, “where” and “how” (Neuman, 2006:35). The exploratory design will enable the researcher to gain new insights, discover new ideas and increase knowledge on the experiences of the CDM senior managers and managers. The researcher enters the research field with anticipation and an open mind, with little knowledge,

but seeking to provide new data regarding the phenomena under study (Burn & Grove, 2003:313); (Creswell, 1994:145).

In line with the qualitative approach, the research follows a case study design to enable an in-depth analysis of the case of the CDM to acquire a comprehensive understanding of the strengths and weaknesses of the alignment of its IDP and the performance management system. According to Gillham (2000:1), a case study investigates a specific research question and seeks an answer from a range of different kinds of evidence which is evident in the case setting. This evidence has to be abstracted and collated to get possible answers to the research question. Woodside (2010:1) on the other hand, defines a case study as empirical research that investigates a contemporary phenomenon within its real-life context, noting especially that boundaries between the phenomenon and context are not clearly evident.

The main data collection tools are document review and structured interviews. Purposive sampling of senior managers and managers will be done to understand the processes of developing and aligning the IDP and performance management system of the municipality. The data collection methods and sampling technique are described in more detail in the next sections.

## **1.7 Research methodology**

Data for this study will be derived from a literature review and semi-structured interviews with managers within the CDM to obtain insight on the alignment of the IDP and performance management system of the CDM. Various performance management theories such as the balanced scorecard, the South African Excellence Model, total quality management and logic model will be used to understand how performance management processes from planning to evaluation must be implemented. The literature review included the Municipal Systems Act (Act 32 of 2000) and the Municipal Structures Act (Act 117 of 1998) which are legislations that underpin the development of the IDP and performance management system. The IDP and performance management system framework, the service delivery and budget implementation plan (SDBIP) and municipal performance reports will be reviewed. The documents will be reviewed to gain greater understanding of the performance management system of the CDM.

Data was collected from the CDM managers through the semi-structured interviews. According to Luthuli (2005:54) semi-structured interviewing implies having a list of prepared questions where the interviewer determines which questions to ask and in what order. Semi-structured interviews are

more flexible than structured interviews as they allow the interviewer to adapt in the interview to specific responses from the respondent. The aim of the semi-structure interviews was to identify problems with alignment and possible solutions in the CDM case and context.

### **1.7.1 Study population**

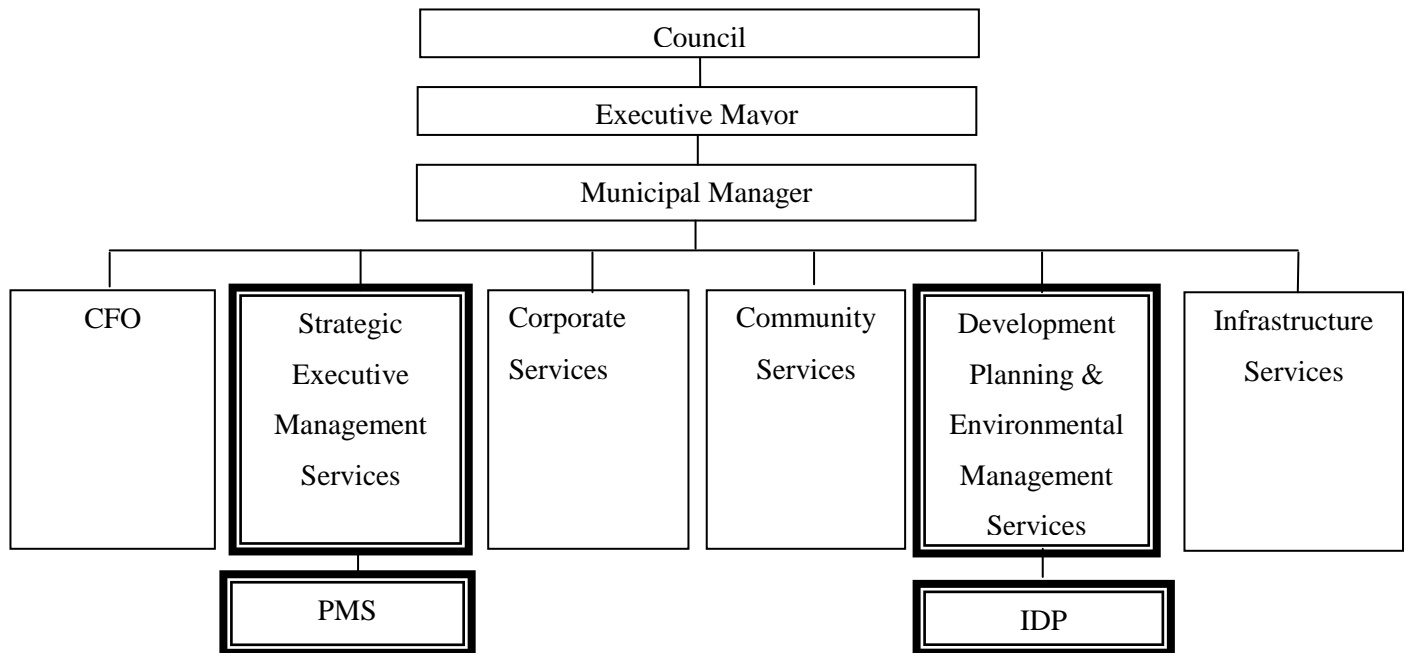
According to Neuman (2006:203), a population specifies the unit being sampled, the geographical location, and the temporal boundaries of the population. A number of researchers (Marion, 2004:16; Pannerselvam, 2004:192); (Singh & Bajpai, 2008:14) view a population as any set of people or events from which the sample is selected and from which the study will generate results.

The study population in this research is the management of the CDM, which is comprised of both senior managers (section 56 managers) and managers reporting directly to senior managers. The total population of management of the CDM comprise thirty-six (36) senior managers and managers.

### **1.7.2 Sampling procedure**

According to Dattalo (2008:3), a sample is a subset of the population that results from a sampling strategy. It is selected from a representation of the population (i.e. elements accurately portraying characteristics of the population). The study used purposive sampling. Babbie (1995:225) states that purposive sampling is the selection of samples based on the researcher's knowledge of the population, its elements and the nature of the research aims. The research sample will be senior managers and managers within the CDM who are responsible for the development and implementation of the performance management system. The researcher purposely chose officials who steer the development and implementation of the IDP and performance management system of the CDM.

The sample of the study will be drawn from the CDM population of 36 managers and included six (6) senior managers and two (2) managers responsible for development of the IDP and performance management system of the municipality. Administratively the CDM is led by the municipal manager, who is supported by senior managers that directly report to him. Within the organisation, the responsibilities of two senior managers include the overseeing of the development of the IDP and performance management system of the CDM. These two managers are appointed to ensure that the CDM develops an IDP and performance management system respectively. Figure 1.1 shows the top layer organisational structure of the CD



Source, CDM 2013/2014 IDP: 98

**Figure 1.1: CDM Organisational structure**

### 1.7.3 Procedures and methods

Eight interviews will be conducted within the CDM. The interviews made use of semi-structured questionnaires and were conducted with six (6) senior managers and two (2) managers within the CDM to gain understanding on how the IDP and performance management system of the CDM are aligned. Document analysis as a qualitative data collection method will be used to analyse and interpret data gathered from internal CDM documents and records relevant to this particular study (Schwandt, 2007:75). The IDP, SDBIP, performance management framework and performance report namely, the quarterly reports and the annual report of the CDM will be reviewed to assess the alignment of the IDP and performance management system of the municipality. De Vos, Strydom, Fouche and Delport (2011:397) state that qualitative data analysis involves reducing the volume of raw information, sifting significance from trivia, identifying significant patterns and constructing a framework for communicating the essence of what the data reveal.

The results of both the semi-structured interviews and document analysis will be compared by the researcher to arrive at conclusions and make recommendations on the alignment of the IDP and performance management system of the CDM. The results were verified against the literature.

## **1.8 Chapter outline**

This research is divided into five chapters outlining the research process flow and forming a clear framework to address the research question.

**Chapter 1** introduces the topic and outlines the primary research question, the problem statement, the aim and research objectives of the thesis and the research methodology used.

**Chapter 2** provides a critical literature review of the topic. The literature review focuses on the background of performance management in the public sector and different theoretical frameworks that underpin performance management. The chapter also explores the concept of performance management. The purpose and requirements of and barriers to implementing effective performance management are discussed.

**Chapter 3** provides an overview of the South African local government legislative framework and the practical implementation of performance management. The purpose of the chapter is to describe the ideal alignment of the IDP and performance management system in local government as presented in the policy and legal frameworks.

**Chapter 4** presents the case of the CDM. This chapter outlines and summarises the data from various instruments on the alignment of the IDP and performance management system in the CDM. The findings in terms of the alignment of the institutional arrangement, planning, monitoring and evaluation processes of the CDM to achieve the desired alignment of the IDP and performance management system is summarised in the chapter. The data is derived from the internal document review and interviews with selected respondents.

**Chapter 5** provides a discussion on the research findings, and addresses the research question and objectives. It gives a summary of the most important findings of the study and offers conclusions and recommendations.

## **CHAPTER 2 : PERFORMANCE MANAGEMENT IN THE PUBLIC SECTOR**

### **2.1 Introduction**

This chapter aims to discuss the background of performance management in the public sector and the different theoretical frameworks that underpin performance management. The chapter further explores the concept of performance management and its purpose and effectiveness in organisation. The research also considers the link between performance management and a performance management system. Performance management theories are discussed to identify a theoretical frameworks which are closely related to the one investigated in this present study. The purpose of considering theoretical frameworks in this research is to show how the research fits into what is already known and to learn more about the implementation of performance management in the public sector.

### **2.2 Rationale for performance management in the public sector**

Performance management in the public sector has been on the rise in many countries in recent years, a trend widely perceived to have started around the 1980s and 1990s (Talbot, 2010:1). Given the ineffectiveness and limited efficiency of public policy, the need to improve performance in the public service has increased. Performance management in the public service was introduced to improve performance by establishing a rational planning process based on the assumption that “business methods” would be more effective than traditional public administration approaches (Thorpe & Holloway, 2008:216). Thorpe and Holloway (2008:222) further noted that the adaptation of performance management as a business method to improve the effectiveness of public administration was motivated by the fact that the public sector was mostly focused on processes of decision making rather than on the quality of output and outcomes. According to Greener (2009:132), limited financial resources to implement government programmes and projects, poor democratic accountability to the public and limited usage of information technology to manage performance further motivated government to implement performance management in the public sector. The implementation of performance management enhances accountability in the public sector by making responsibilities explicit and providing evidence of success and failures (Ghobadian & Ashworth, 1993:49), as it has become increasingly necessary for government to demonstrate that they are achieving improvements (OECD, 2005:68). Therefore performance management in the public sector has been adopted to

improve service delivery by assessing the level of implementation of public policy. Its introduction in the public service was further motivated by the need to improve effectiveness and efficiency to implement public policy and to encourage both the administration and political office-bearers continuously to be accountable for their actions.

Thomas (2006:11) summaries performance management purpose in the public sector as follows:

- Helps to clarify organisational goals, direction and expectations;
- Helps organisations to learn how to accomplish goals more effectively;
- Communicates priorities;
- Supports state/business planning by linking broad statements of direction to specific outputs and outcomes;
- Monitors operations of programmes and makes continuous improvements;
- Motivates public administrators and restores pride within the public service;
- Restores public confidence that the public is receiving value for money in public spending;
- Assesses whether organisations are achieving goals; and
- Strengthens internal administration and external political accountability.

The above discussion illustrates the rationale for performance management in the public sector. The summary of the purpose of performance management in the public sector emphasises that the implementation of performance management must be based on the plans of the organisation and that it must continuously assess whether the organisation is meeting its goals. Through the implementation of performance management the public sector is able to account for the level of service delivery and expenditure of the budget. Therefore performance management is a tool that the public sector must use to continuously improve the provision of goods and services.

### **2.3 Requirements of effective performance management**

Performance management is designed to improve the effectiveness of both the organisation and individuals involved (Ngcelwane, 2008:9). Performance management is the key process by which organisations set goals, determine standards, assign and evaluate work and distribute rewards (Varma, Budwar & Denisi, 2008:3). Therefore effective performance management involves both the organisation and individuals, and is meant to empower management to implement organisational strategies and objectives successfully by evaluating and rewarding performance.



**Table 2-1: Key practices for effective performance management**

Key practices for effective performance management	Explanatory notes
Connect performance expectations to cross-cutting goals.	High-performing organisations use their performance management systems to strengthen accountability for results, specifically by placing greater emphasis on fostering necessary collaboration and frameworks across organisational boundaries to achieve results
Provide and routinely use performance information to track organisational priorities.	Individuals use performance information to manage their performance during the year.
Require follow-up actions to address organisational priorities.	By requiring and tracking follow-up actions on performance gaps, organisations underscore the importance of holding individuals accountable for making progress on their priorities.
Distinguish meaningfully with regard to performance.	Effective performance management system strives to provide candid and constructive feedback and the necessary objective information and documentation to reward top performers and deal with poor performers.
Involve employees and stakeholders in taking ownership of performance management system.	Early and direct involvement helps increase employees' and stakeholders' understanding the system and belief in its fairness.

*Source:* Government Accountability Office: 2003:4

Table 2-1 above provides an insight how effective performance management is practised. It emphasises that effective performance management is used to strengthen accountability and collaboration with employees and stakeholders. This is achieved by using performance information to track performance gaps on a constant basis and enable the organisation to achievement its priorities through follow-up. It is through an effective performance management system that individuals will be able to understand their contribution towards the achievement of set priorities.

## **2.4 Barriers to performance management in the public sector**

There are numerous factors that hinder the implementation of performance management in the public sector. Some of these barriers are introduced below.

### **2.4.1 Absence of market pressure**

The public sector is rarely pushed by competition to be more innovative or productive. In the absence of a competitive market environment, the public sector and other organisations that operate with a monopoly status can become complacent and unresponsive to addressing the social challenges experienced by the public (Ammons, 2004:139). In most instances, government does not have competition from the private sector with the service it provides. Lack of competition does not push government to improve the manner in which it implements public policy to the level of public satisfaction.

### **2.4.2 Political volatility**

A unstable political environment poses a challenge for the implementation of a performance management system (Varma *et al*, 2008:117). Change in the political dispensation may lead to the complete reversal of some policies and performance targets (Powell, 2004:1019; Johnston & Pongatchat, 2008:947). Therefore, the implementation of performance management can be delayed as politics in the public sector takes centre stage as new or different agendas are implemented when there is change. Good policies that were showing progress might be reversed or new targets set.

### **2.4.3 Lack of interest of politicians**

The ownership of performance management usually lies with managers. Politicians often appear uninterested in performance information that is provided – until something goes wrong (Bovaird & Loffler, 2009:161). According to Van Dooren, Bouckaert and Halligan (2010:143), often managers seek strategic autonomy on policy matters and in some contexts use performance indicators to demarcate their territory and to set boundaries for political interference.

### **2.4.4 Poor organisational culture**

According to Marr (2009:211), every organisation has a culture. Organisational culture has an impact on the performance of an organisation. If the culture is right, it can be one of the most powerful success factors in any performance management initiative. Corporate culture directly affects commitment either in a positive or negative way (Rohm, 2006:18). It can also be an important

inhibitor for successful performance management (Marr, 2009:211). Internal workforce conditions affect employee performance and thus should be considered in performance management processes (Vance & Paik, 2011:296). For all these reasons, government should create a conducive organisational culture for improved performance to achieve public policy objectives.

#### **2.4.5 Poor leadership**

Organisational leaders must be accountable for the results of the organisation (Gergen, 2010:170). One of the most common explanations for the failure to implement a strategy successfully is the shortcomings in the capability of organisational leadership. Poor leadership style encourages individuals rather group and coordinated efforts in the organisation (Analoui & Karami, 2003:204). Therefore leadership has a dynamic effect in organisational performance as leaders play an important role in motivating employees to strive to achieve organisational objectives and targets. Once people in an organisation are continuously motivated, led and assured that they are on the right track to improved performance of the organisation, they commit themselves to achieve more organisational targets.

#### **2.4.6 Availability of credible information**

The performance management of organisations is likely to rely on agreed-upon measures that are widely accepted as presenting specific programmatic activities and the use of data from existing defined sources. Once the measures have been selected and data produced, policy makers and other analysts may face several challenges in the successful use and interpretation of data (National Research Council, 1999:98). Processes of setting achievable targets are not possible in the absence of baseline data (World Bank, 2010:46) as poor quality information may be used, which consequently may lead to wrong decision or action (Van Dooren et al, 2010:71). The availability of previous performance information is critical to inform planning in organisations. It also informs evaluation processes on whether it is worth continuing to implement, adjust or terminate a programme. If credible information is not in place, planning will be poor, data misinterpreted and the evaluation of the performance of the organisation inaccurate.

#### **2.4.7 Poor integration**

According to Axson (2010:47), the alignment of all elements of performance management processes are critical. The whole objective of the process is to translate strategies into results. For performance management processes to be effective, it is logical to expect a clear line of sight from business

strategy, through the operational plan to what is reported. The alignment of the strategy and operational plan is essential for managing the performance of an organisation. Once there is any misalignment between strategy and operation, it is difficult to measure the performance of any organisation as strategy informs operations. Misalignments of the processes imply that efforts and resources at operational level are not channelled towards implementing strategy and wrong decisions can be taken by organisational managers based on the operational reports.

#### **2.4.8 Lack of adequate information system**

Information systems play an important role as the means of retrieving existing or collecting new data, storing data and other program data elements, and then using the data elements in the form of a report (Issel, 2014:299). According to Van der Waldt (2004:95), the absence of proper and adequate management information systems often makes it difficult to undertake monitoring and evaluation. Reliance on handwritten and verbal performance reports makes it difficult to track and compare performance data as it is unreliable and can change from time to time. Therefore the lack of adequate information systems may lead to an inadequate information or reporting framework, reporting delays and poor quality of data.

#### **2.4.9 Feedback is tactical not strategic**

According to Harlem (2002:35), little or no time is spent on examining indicators of strategy implementation and success. The results are that organisations have no way of getting feedback on their strategy, and without feedback they have no way of learning about their strategy. Most feedback concentrates solely on short-term results (such as the financial measures) and little time is reserved for the review of indicators of strategy implementation and success (Bourne & Neely, 2003:18). Performance feedback is the last and important stage of performance management, as it illustrates the results of strategy implementation. The success of performance management processes can be achieved when organisations are able to measure the level of achievement of their strategy by reviewing and reporting on their performance indicators.

In an attempt to address the shortcomings in implementing performance management in organisations, various models have been presented for optimising the introduction of integrated performance management systems in organisations. Some of the most influential models are discussed in the next section.

## **2.5 The link between performance management and performance management systems**

The previous section of this chapter discussed the importance of performance management as an instrument used by organisations and individuals to plan and achieve common objectives. The objectives of the organisation are achieved through performance monitoring and evaluation of the organisation and thereafter rewarding employees. For the performance management processes to be completed organisations must develop a performance management system. Ferraira & Otley (2009:264) define a performance management system as a set of evolving formal and informal mechanisms, processes, systems and networks used by organisations for conveying the key objectives and goals put forward by management. They assist the strategic process and its ongoing management by analysing, planning, measuring, controlling, rewarding and broadly managing performance, and thus support and facilitate organisational learning and change. According to Harper (2011:111), a performance management system should indicate milestones, trends and variances. If the system is properly designed it will function as an early warning system. It will also serve as a basis for correcting deficiencies and preventing problems. A well-developed performance management system may also enable an organisation to compare its performance with other, similar organisations, identify successful approaches or best practices and learn from each other.

A performance management system comprises designing a monitoring system to track selected performance measures of a programme, agency or system at regular time intervals and report these to managers and other specified interested parties on an ongoing basis (Wholey, Hatry & Newcomer, 2004:99). Organisations must evaluate their systems' ability to provide in-depth investigations based on the monitoring results, and assesses whether or not stated objectives have been reached (Van der Waladt, 2004:67). Performance evaluation is undertaken with the aim of improving the programme and to account for poor performance (Rossi, Lipsey & Freeman, 2004:34), as well as provide guidance to help an organisation adjust programmes and policies to improve its results (Lausthaus, Andrien, Anderson & Garden, 1999:79). Therefore processes of linking performance management and performance management systems entail developing a systematic approach of setting organisational objectives and performance measures to enable data analysis and evaluation processes to inform the performance reward processes.

## **2.6 Models for implementing performance management in an organisation**

The performance management process is implemented to achieve the improved performance of the organisation, individuals and teams. Different models underpin organisational and individual performance management processes. The models discussed in this section highlight the importance of performance management starting at organisational level by setting objectives and targets, and for the system to be customer oriented. This section describe the goal-setting theory, the balanced scorecard, the systems model to performance management, the logic model, the South African Excellence Model and the total quality management model.

### **2.6.1 Goal setting theory**

The goal-setting theory was developed by Edwin Locke and his associates with the assumption that behaviour is a result of conscious goals and intention (Griffin & Moorehead 2009:142). Organisations are established to achieve predetermined goals. Goal achievement is a factor that influences the success levels of individual employees, departments and business units and the overall organisation (Luthans, 2008:359). Schermerhorn (2011:370) emphasises that goals give direction to people and their work; they clarify performance expectations in a supervisory relationship between co-workers and across subunits in an organisation, and establish a frame of reference for task feedback.

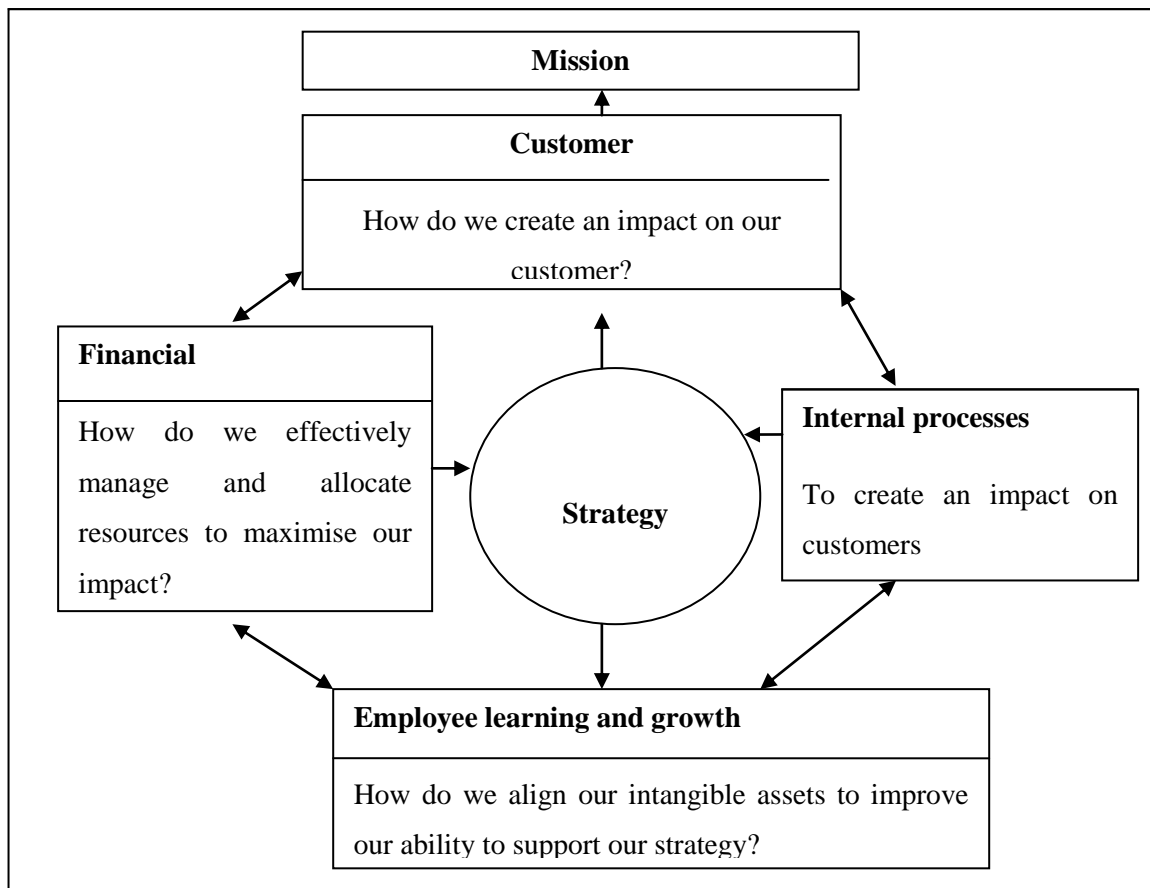
The goal-setting theory emphasises the setting and agreeing on objectives against which performance can be measured and managed (Armstrong, 2009: 28). According to Armstrong & Condie (2012:97), Peter Drucker emphasised management by objective as a participative and interactive process. This does not mean that goal setting begins at the bottom of the organisation. It means that goal setting is applicable to all employees with even lower-level organisational members and professional staff having an influence on the goal-setting processes. Therefore high or exceptional performance in an organisation can be achieved when there is common understanding regarding what must be achieved in the organisation. This can be done through continuous feedback on what is and is not achieved.

### **2.6.2 The balanced scorecard**

The balanced scorecard was developed by Norton and Kaplan in 1996 with the objective of and measures designed to view the organisation's performance from four perspectives: financial, customer satisfaction, internal business processes, and learning and growth (Kaplan & Norton, 1996:8). It fills the void that exists in most management systems – the lack of a systematic process to implement and obtain feedback about strategy. The balanced scorecard can be used to clarify and gain consensus about strategy, to communicate strategy throughout the organisation, align departmental and personal goals to the strategy, link strategic objectives to long-term targets and annual budgets, identify and align strategic initiatives, perform periodic and systematic strategic reviews, and obtain feedback to learn about and improve strategy (Kaplan & Norton, 1996:19).

The balanced scorecard's guiding concept is to move managers away from focusing purely on financial outcomes and to consider a more balanced portfolio of multiple financial and non-financial measures closely linked to strategic objectives (Mackay, 2004:11). Kaplan and Norton (1996:25) point out that the four perspectives of the scorecard permit a balance between short-term and long-term objectives, between outcomes desired and the performance drivers of these outcomes, and between hard objective measures and softer, more subjective measures. According to Bruggenman (2004:37), the balanced scorecard complements the financial measures with operational measures on customer satisfaction, internal processes and the organisation's innovation, learning and improvement measures. Therefore the balanced scorecard is not only concerned with measuring the finances of the organisation. It emphasises that organisations must focus on customer satisfaction and internal process to improve the overall performance of an organisation by setting objectives.

The balanced scorecard is widely advocated as having the potential to support performance management in the public sector (Northcott & Taulappa, 2011:167). According to Kaplan and Norton (1996:98), the balanced scorecard can be readily adopted for use in public sector organisations simply by rearranging the scorecard to place customers or constituencies at the top of the hierarchy. Niven (2003:32) states that the customer is placed on the top of the scorecard in order to fulfil a stated mission. Thus, the balanced scorecard offers the public sector organisations a means of closing the gap between vague mission and strategic goal statements and operational activities and measures, and a way of shifting the focus away from individual initiatives and programmes to outcomes that such initiatives are intended to achieve (Wisniewski & Olafsson, 2004:603).



Source: Niven, 2003:32

**Figure 2.1: The balance scorecard**

According to Marr (2009:70), the perspectives are presented in a strategy map which places the four perspectives into a causal hierarchy to show that the objectives support each other, that is, the objectives in the learning and growth perspective – such as human capital, organisational capital and information capital – underpin the objectives in the internal process perspective, which in turn underpin the objectives in the customer perspective – customer satisfaction. Delivering the customer objectives should then lead to the achievement of the financial perspective. Therefore in the public sector the balanced scorecard is implemented to satisfy the customer, in this instance the public. The customer, who is the public, is placed at the top of the hierarchy as government implements public policy to deliver services to the public. To satisfy the customer through service delivery, government



must have finances, competent staff, technology to enhance organisational effectiveness and efficiency to deliver the services to the public.

### **2.6.3 The systems model of performance management**

Today's environment demands that institutions be extremely flexible and adaptable. It also demands institutions that deliver high-quality goods and services to add value for customers' (taxpayers') money and empower communities (Van der Waldt, 2004:18). The systems model of performance management was developed by Spangenberg and Theron (2001:35) and emphasises the conversion of inputs into outputs (Allbarran, Chan-Olmsted & Wirth, 2006:9). The stability and survival of organisations depend on a multitude of external clients and constituencies (McKinney & Howard, 1998:158). Accordingly, the systems approach to performance management is greatly influenced by the inputs to the system. In the model, the processes comprise the following core performance management items (Deb, 2008:43):

- The organisation's mission, goals and strategies are developed and communicated to all;
- Core organisational and individual competencies are identified and implemented;
- Goals and performance standards, related to wider organisational goals, are negotiated for teams and individuals;
- Structures are designed or redesigned for organisational processes and team or individual levels to ensure effective functioning of the entire organisation;
- Performance at organisational, process, team and individual level is measured, feedback provided on an ongoing basis, and problem-solving mechanisms are in place and used; and
- Regular performance reviews are scheduled for individual employees.

In the systems model, performance management is an input to decision making and it is based on an understanding of what the relationship between an organisation and its operating environment needs in order to remain healthy (Hoverstadt, 2011:26). Therefore applying the systems model in performance management in organisations requires an understanding of the environment within which an organisation exists. The researcher is of the view that the systems model emphasises planning within the organisation where all involved contribute to the management of performance when inputs are converted to output.

#### **2.6.4 The logic model**

The logic model has proved to be a successful tool for programme planning as well as implementation and performance management in numerous fields (Hayes, Parchman & Howard, 2011:576). Logic models are narrative or graphical depictions of processes in real life that communicate the underlying assumptions upon which an activity is expected to lead to a specific result (MacCawley, 2012:1). They play an important role in performance management and can be used as part of a strategic planning process to clarify intended objectives that aim to achieve certain outcomes (McDavid & Hawthron, 2006:44). The logic model depicts a result chain that shows the change processes focused on achieving the desired objectives, beginning with inputs, moving through activities and outputs, and culminating in outcomes, impact and regular feedback to the responsible officials and civil society stakeholders (OECD, 2011:80). Therefore, the logic model is an important tool for performance management. It illustrates the casual link of inputs, outputs, outcomes and impact, but most importantly the feedback that individuals and stakeholders receive on the performance of the organisation.

The logic model is a performance management tool as it helps people to understand what the organisation is trying to achieve and why, and it also helps individuals to understand what they must do to help the organisation be successful by providing the picture of the performance goals that the organisation as a whole must achieve (Gill, 2010:174). According to Kaila (2006:561), management of people's performance can be effective only if it is founded on reliable information which can be derived from the measurement of their performance. Kaila (2006:561) further states that the logic model illustrates the following:

- Success depends on the achievements of performance targets;
- Targets are set against established performance standards; and
- Standards are defined on the basis of measured performance.

The logic model is based on the principle that works towards outcomes within the public sector by focusing on outputs and performance, clearly defining links between outcomes and outputs, and providing full cost information for outputs (Hoque, 2008:469). It may thus be that the logic model is a vehicle for engaging partners in clarifying objectives and designing activities as it a useful tool to review progress and for managers to take corrective action where there is poor performance.

### **2.6.5 The South African excellence model**

The South African Excellence Foundation developed the South African National Excellence Model (SAEM) and award in 1997 as a management tool to improve efficiency and effectiveness of organisations (De Coning, 2009:46). It was developed by, among other organisations, the CSIR, Eskom, the Standard Bank and Daimler Chrysler South Africa to deal with issues of performance excellence in organisations (Smith, Cronje, Brevis & Vrba, 2007:43).

According to Williams (2008:39), the SAEM framework was established to help organisations enhance their competitiveness through the delivery of ever-improving value to customers and the improvement of overall company performance and capabilities. The SAEM is based on excellent leaders that develop and enrich organisational culture and inspire the effective and efficient utilisation of resources and efforts of the organisation in pursuit of excellence. Organisations define their immediate customers and all customers in the chain of distribution of the product and service through to the final customer or end user. They consider how the goal of the organisation can be addressed in developing a vision and mission, strategies, objectives, policies and values, and how these can be translated to action. The final results are achieved by maximising the use of internal and external resources with suppliers and partners in a way that supports policy and strategy. The strategy is achieved through design, management and improved processes in order to fully satisfy and generate increasing value for customers and stakeholders (Muller, Bezeidenhout & Jooste, 2006:477). Therefore the South African excellence model emphasises the role of leadership to develop organisational performance management processes. Through leaders the organisation can identify and develop enablers that will lead to improved performance excellence and the satisfying of the customer by using resources efficiently and enriching the culture of the organisation.

### **2.6.6 Total quality management**

Total quality management had its genesis in the 1920's and early 1930's. Pioneers in quality management techniques such as Dr Joseph Juran, Dr W. Edwards Deming and others have broadened the scope and application of total quality management (Gergen, 2010:41). Total quality management encompasses all aspects of business. Its key emphasis on management commitment, customer focus, involvement of all, continuous improvement, treating suppliers as partners and performance metrics (Besterfield, Besterfield-Michna, Besterfield, Besterfield-Sacre, Urdhwareshe and Urdhwareshe, 2011:12). It can assist an organisation to improve the process and better serve its society and its own members (Abuza, 2011:2). According to Prowle (2000:176), total quality management is concerned

with a comprehensive approach to maintaining and improving quality in organisations. For it to be attained it must include the following aspects:

- **Organisational culture:** The culture of the organisation must be one that is totally committed to the delivery of high-quality products or services that meet the quality needs of the customer;
- **Employee skills:** Total quality management requires that the personnel of the organisation is developed as required. This requires a commitment to the development of human resources;
- **Continuous improvement:** Total quality management implies commitment to innovation and continuous improvement within the organisation. This may require the creation of specific but informal organisational structures and arrangements to foster continuous development; and
- **Systems:** The organisation needs to have appropriate processes and systems and the associated quality audit in place to set quality standards and monitor quality and consumer satisfaction.

Therefore total quality management emphasises that the management of performance must entail providing quality service to the customers of the organisation. The processes of managing quality to attain the desired performance is influenced by organisational culture, the skills of employees, continuous innovation to improve the service of the organisation using processes and system to confirm the quality of the service provided.

## 2.7 Synopsis

The performance management models discussed above emphasise that planning by setting organisational objectives with clear performance targets influence performance management processes in an organisation. The various models of performance management also highlight that the development of a performance management system is a process that requires involvement of stakeholders of an organisation. It must be based on a method of developing objectives that will drive the performance of the whole organisation.

In local government, the performance management system plays a critical role as it monitors the implementation of the IDP that sets council priorities, objectives and targets. By implementing a

performance management system, the council will have a pulse of service delivery as the tool will continuously report on the achievement and non-achievement of IDP priorities, objectives and targets. The performance management system can further be used as a tool to enforce accountability processes to ensure that there is improved service delivery.

## **2.8 Conclusion**

Performance management plays a vital role in the implementation of the set organisational objectives. It strengthens internal administration and external political accountability and restores public confidence. Its implementation faces many barriers as in the public sector there is an unstable political environment, limited political interest in performance management processes, limited market competition, poor leadership and organisational culture.

The next chapter will discuss policy and the practical implementation of performance management in local government. The intention and purpose of the chapter is to highlight the legislative framework that governs performance management in local government and the manner in which performance is managed from planning, monitoring and evaluation.

## **CHAPTER 3 : THEORY AND PRATICE OF THE DEVELOPMENT OF THE IDP AND PERFORMANCE MANAGMENT SYSTEMS IN SOUTH AFRICA**

### **3.1 Introduction and background**

According to Cameron and Sewell (2003:243), performance management in South Africa was initially implemented in the private sector, but at present this management style is embedded and entrenched in the public sector's operations. The concept of performance management in local government was introduced in 1998 through the publication of the White Paper on Local Government (Independent Service Delivery Monitoring Networks, 2012:66) and emphasises the importance of a performance management system in local government to improve service delivery.

After the democratic elections in 1994, the South African government implemented various pieces of legislation pertaining to local government. Multiple laws were promulgated that had a bearing on this sphere of government, because it is at the forefront of service delivery. This chapter provides an overview of key legislative and policy documents that provide the context for managing local government performance and practical perspectives of performance management instruments such as the IDP and the performance management system. The focus then turns toward considerations for ensuring the alignment of these systems through planning, monitoring and evaluation processes; institutional arrangement, and the responsibilities of various role players.

### **3.2 Policy framework for local government performance management**

The implementation of the performance management system in local government is governed by various legislations. Local government legislation requires that the performance management system of municipalities must be aligned to the IDP. If one considers the practical implications, alignment includes not only institutional arrangements, but also wider planning and measurement systems. The next section discusses how municipalities must be institutionally arranged to achieve the alignment with the IDP and the implementation the performance management system. The discussion also looks at how legislation entrenches the importance of the alignment of the IDP and performance management systems as tools that must be developed and implemented by municipalities to achieve service delivery.

### **3.2.1 The Constitution of the Republic of South Africa, 1996**

The history of South Africa before the 1994 general election depicts a system that separated communities based on their race in order to promote segregation even with regard to the way and level of providing basic services to communities. The situation that pertained to South Africa local government before 1994 was one of disenfranchisement and exclusion (De Visser, 2005:89). This led to an unequal and underdeveloped environment for the majority of South Africans whom the government should have served.

When the Constitution of the Republic of South Africa was enacted in 1996, it made provision for the objectives of local government. The Constitution, in Section 152(a) to (e), states that municipalities must provide democratic and accountable government for local communities that ensure that services are provided in a sustainable manner, and promotes social and economic development in a safe and healthy environment by encouraging communities to be involved in matters of local government. Based on the objectives of local government, particularly subsection (a) of section 152, it is clear that the Constitution focuses attention of local government management on actual performance at a socio-economic community level.

The Constitution, Section 195(1) (a) to (i) states that the key principles that govern public administration in South Africa are to uphold high standards, promote effective and efficient use of resources, and that public administration must be accountable. Within the huge developmental mandate placed on local government, the development of the IDP and performance management systems must be a priority for local government given the current failures in service delivery. The process of discharging the developmental objectives through managing performance is crucial to improve service delivery and achieving the developmental objectives of local government set in the Constitution of the country.

### **3.2.2 White Paper on Public Service Delivery, 1997**

Along with the new public reforms and vast expectations of improved service delivery after the 1996 Constitution was promulgated, the government published the White Paper on Public Service Delivery on 9 May 1997. This White Paper in section 1.1.1 states that its purpose is to provide a framework and practical implementation strategy for the transformation of public service delivery. According to Sibanda (2012:15), the White Paper advocates that departments deliver responsive, quality services according to eight national service delivery principles referred to as the *Batho Pele* principles. The

term “*Batho Pele*” comes from the Sesotho language and its literal English translation is “people first” (Russell and Bvuma, 2001:245).

The White Paper (Republic of South Africa, 1997) sets the tone by which the South African public sector can be judged in delivering services to the communities. The principles provide the basis on which performance should be managed according to the criteria by which the public sector is to undertake consultation, provide quality service standards, accessibility, courtesy, openness, transparency, redress and value for money when providing services. It inculcates a culture of communities being viewed as customers that must be involved in government processes and whose needs government processes must strive to meet. It also promotes the transformation of service delivery that will result in a more satisfied public and client base (Van der Walddt, 2004:87). Therefore the Batho Pele principles reaffirm the importance of the implementation of performance management systems in the public sector. They emphasise the manner in which government must serve the public.

### **3.2.3 White Paper on Local Government (Notice 423 of 1998)**

According to Van der Walddt (2007:24), the effectiveness of “good” local governance needs to be judged by the capacity of local government structures to provide an integrated developmental approach to social and economic issues and to supply essential services congruent with the needs and desires of the local community. The White Paper on Local Government (Republic of South Africa, 1998) covers the history of local government under the apartheid system and outlines the strengths and weaknesses of the different models of transitional municipal created under the Local Government Transition Act of 1993. It gives a vision for developmental local government as an institution to meet the basic needs of the community and involves working closely with the communities to maximise social and economic development. The White Paper (Republic of South Africa, 1998) discusses performance management as a system to ensure that the plans implemented have the desired development impact and must provide early warning where municipalities are expecting difficulties. It must also enable other spheres of government to provide appropriate support before a crisis develops.



#### **3.2.4 Local Government: Municipal Structures Act (Act 117 of 1998)**

With the White Paper on Local Government (Republic of South Africa, 1998) articulating the outcomes of local government, it became imperative to enact legislation that stipulates the structures that must govern municipalities. In 1998 parliament promulgated the Municipal Structures Act (Act 117, 1998). This Act is designed to regulate the internal systems, structures and office bearers of municipalities (Van der Waldt, 2007:41). In regulating the internal systems of municipalities the Municipal Structures Act (1998) Section 19.2(d) and (e) state that a municipal council must annually review its organisational delivery mechanism for meeting the needs of the community and its overall performance in achieving the objectives of local government found in Section 152 of the Constitution of the Republic of South Africa. Therefore it is the duty of every municipal council to review delivery mechanisms such as the IDP and performance management system to ensure that they meet the objectives that they have set to cater for the needs of the communities.

#### **3.2.5 Local Government: Municipal Systems Act (Act 32 of 2000)**

When the Municipal Systems Act was promulgated in 2000, it provided for the establishment of a simple framework for processes of performance management as one of the notions that underpins development at local government level. It is a requirement of the Municipal Systems Act 32 (Republic of South Africa, 2000) that municipalities must establish a performance management system. Section 38, subsection 2(a)(1) (2000) states that a municipality must establish a performance management system that is commensurate with its resources, best suited to its circumstances, and in line with the priorities, objectives, indicators and targets contained in its IDP. Section 26(i) of the Municipal Systems Act emphasises that core components of an IDP are the key performance indicators and performance targets set in terms of Section 41 of the Act. Section 41(1)(a) states that a municipality must set key performance indicators as a yardstick for measuring performance, including outcomes and impact, with regard to the municipality's development priorities and objectives set out in the IDP. The development of a performance system that is in line with key performance indicators and targets implies that there should be alignment of the IDP and performance management system.

In Chapter 6 of the Municipal Systems Act 32 (Republic of South Africa, 2000), section 41(c)(i) and (ii) requires all municipalities to monitor, measure and review their performance at least once a year in instances where they fail to deliver or to meet their targets against set indicators. Section 41(d) compels a municipality to take steps to improve performance with regard to those development priorities and objectives where performance targets are not met. The establishment of regular reporting mechanisms to the council, other political structures, political office bearers, staff of the municipality, and the public and appropriate organs of state is provided for in section 41(e)(i) and (ii). The implementation of a performance management system depend upon the establishing institutional arrangements that promote reporting on the level of IDP implementation.

The Municipal Systems Act (Republic of South Africa, 2000) further states in section 46 that municipalities must prepare a performance report for each financial year that gives an assessment of the municipality against the measurable performance objectives. According to Dlamini (2007:3), the assessment includes the functionality of the municipality's performance management system, stating whether this complies with the Municipal Systems Act (2000). This is done annually when municipalities present their annual reports that must include an evaluation of the performance of the relevant municipality to deliver services. It can be concluded that continuous reporting against set objectives and targets is intended to improve performance and thus to fulfil the requirements of the IDP.

### **3.2.6 Municipal Performance Planning and Performance Management Regulations 2001**

Along with all the local government legislations promulgated since 1998 emphasising the importance of performance management system in local government, the minister responsible for that sphere of government promulgated the Municipal Performance Planning and Performance Management Regulations in 2001. The regulations (Republic of South Africa, 2001), paragraph 1(e) state that "the IDP must at least include key performance indicators set by the municipality" while paragraph 7(1) states that "a municipality's performance management system entails development of key performance indicators, a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different stakeholders" (2001:9). It is of importance that the regulations (2001) answers the fundamental question of what performance management system is, how it must be developed, how it links to the integrated planning processes, who the stakeholders of the development of the system are and how

performance must be managed. The regulations' (Republic of South Africa, 2001) section 8 further outlines that a performance management system must be adopted before or at the same time as the municipality begins to set key performance indicators and targets in accordance with its IDP. The adoption of the performance management system before or at the same time as developing the key performance indicators and targets implies that both the IDP and the performance management system of a municipality must be aligned through the key performance indicators and targets set by the council. Therefore, the alignment of the IDP and the performance management system can be achieved through the development of key performance indicators and targets.

### **3.2.7 Local Government: Municipal Finance Management Act (Act 56 of 2003)**

As a result of continuous reviewing of IDPs and limited reporting from municipalities on how they were executing their budgets and assessing their performance, the government promulgated the Municipal Finance Management Act 56 (Republic of South Africa, 2003). In Section 1 the Act (Act 56 of 2003) defines the Service Delivery Budget Implementation Plan (SDBIP) as “a detailed plan approved by the mayor of a municipality in terms of Section 53(1)(c)(ii) for implementing the municipality's delivery of municipal services and its annual budget, and which must indicate service delivery targets and performance indicators for each quarter. It can be concluded that the development of the service targets and performance indicators imply that the budget of a municipality must be aligned to the IDP objectives and key performance indicators and targets.

The Municipal Finance Management Act 56 (Republic of South Africa, 2003) Section 72(1) (a) (ii) states that by 25 January of each year the accounting officer of a municipality must assess the performance of the municipality during the first half of the financial year, taking into account the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan. Reporting on a municipality's performance in the first half of the financial year is important as the progress reported will enable the municipality to know whether it is performing as required or not.

### **3.2.8 Circular 13**

The implementation of the Municipal Finance Management Act 56 (Republic of South Africa, 2003) has progressively introduced new reforms into the management of performance in municipalities. The promulgation of Circular 13 of the Municipal Finance Management Act (Republic of South Africa, 2003) provided for measures and ways in which the SDBIP must be developed and implemented. Circular 13 (Act 56 of 2003) defines the SDBIP as “the management and implementation tool which sets in-year information, such as quarterly service delivery and monthly budgets targets, and links each service delivery output to the budget of the municipality”. As a management and implementation tool of a municipality, the SDBIP provides a platform for monitoring, reviewing and evaluating the performance of a municipality on an annual basis.

### **3.2.9 Local Government: Municipal Performance Regulations of 2006**

In 2006 the Minister of Provincial and Local Government promulgated the Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers.

According to the Department of Cooperative Governance and Traditional Affairs (2006:3), the Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers was developed to set out how the performance of the municipal manager will be uniformly directed, monitored and improved. Section 23(2) and (4) of the Regulations (2006) state that the purpose of the performance agreement is to specify objectives and targets defined and agreed with the employee, as well as the employer’s expectations of the employee’s performance and his or her accountabilities in alignment with the IDP, SDBIP and the budget of the municipality. Therefore the implementation of a performance management system requires human resources that will be accountable for performance and non-performance in the achievement of set strategic objectives and performance indicators of the IDP.

Performance agreements of the municipal managers and managers directly accountable to the municipal managers are used to track results, provide opportunities to improve internal processes and performance gaps. They are an effective tool for gathering data and communicating performance data on organisational performance.

### **3.2.10 Framework for Managing Programme Performance Information, 2007 and the Guide to Outcomes Approach, 2010**

The South African National Treasury and the Presidency published the Framework for Managing Programme Performance Information and the Guide to Outcomes Approach. Both documents clarify what government should achieve and how performance information must be managed in all spheres of government. According to the Department of National Treasury (2007:4), performance information processes begin when policies are being developed, and continue through each of the planning, budgeting, implementation and reporting stages. In local government, the management of performance information starts with the implementation of Outcome 9, which forms part of the 2010 government-adopted Outcome 12 to address the priorities of government based on the election manifesto and the medium-term strategic framework. Outcome 9 emphasises that the basic services provided must be based on the community needs and be provided in an effective and efficient manner, and that accountability to the community must be entrenched in all processes of local government to provide feedback on actions taken to deliver services. The implementation of an IDP and performance management system in local government are pillars to achieving Outcome 9, as municipalities must demonstrate how they are responsive, accountable, effective and efficient in providing basic services to the communities.

In managing the implementation of Outcome 9 municipalities must use the Framework of Managing Programme Performance Information (Department of National Treasury, 2007) to develop strategic plans and undertake monitoring and evaluation processes. This framework emphasises that accountability reports must be generated by local government to illustrate the alignment from the development of the IDP, to the budget to processes of developing the annual report. The accountability reports that municipalities must compile when planning, monitoring and evaluating include the IDP, the SDBIP and quarterly reports, including a mid-year assessment report and annual report. Therefore the Framework for Managing Programme Performance Information of 2007 and the Guide to Outcomes Approach emphasise the alignment of the IDP and the performance management system.

### **3.3 Alignment of the IDP and performance management system**

The various legislations that govern local government in South Africa emphasise the manner in which a performance management system must be developed and implemented by municipalities. According to Rabie (2011:89), it is the responsibility of local government managers to instil and establish strategies that will enable the organisation to improve performance. This can be achieved by establishing institutional arrangements that promote the alignment of the IDP and performance management system.

The development of the IDP and the implementation of a performance management system in local government is not solely driven by the rationale of meeting local government legislative requirements, but also to meet broader local government developmental outcomes. In developing the IDP, the municipalities should plan for service delivery while the implementation of the performance management system monitors and evaluates the IDP process (DPLG, 2001:16). The alignment of the IDP and performance management system can be achieved through the way in which a municipality is institutionally arranged, as well as through integrated and strategic planning, monitoring and evaluation processes.

The following section discusses the alignment of the IDP and performance management processes in municipalities.

#### **3.3.1 Through integrated and strategic planning processes**

The delivery of municipal services in local government depends upon the way in which a municipality is able to plan for performance. The IDP is the principal strategic planning instrument which guides and informs all planning, budgeting, management and decision making in a municipality (Musyoka, 2010:8). The IDP clarifies and quantifies performance outcomes and indicators of identified core functions by linking them to performance targets. It also incorporates institutional performance and targets into performance plans that can be used for managing and measuring municipal performance (Minnaar, 2010:32). Therefore, integrating an organisation's performance management system with the strategic planning process is vital because strategic planning requires good performance information. Key elements that must be part of the IDP as a strategic plan (as summarised by Axson, 2010:76) are that the strategic plan must include a clear definition of the business and how it operates; it must lay out major goals and objectives, and it must set targets that guide operational execution and allow progress to be tracked against the overall goals

and objectives. It can be concluded that the development of a performance management system starts with the IDP as it quantifies the performance that must be achieved through indicators and targets. The setting of the indicators and targets forms the basis for performance monitoring and evaluation of the IDP.

### **3.3.2 Through monitoring and evaluation**

According to the UNDP (2002:5), monitoring and evaluation enhance effectiveness by establishing clear links between past, present and future interventions and results. Their overall purpose is the measurement and assessment of performance in order to effectively manage the outcomes and outputs. Once the IDP of a municipality is developed with key performance indicators and targets, and is adopted by the council, monitoring and evaluation of performance must be undertaken. The monitoring and evaluation processes are undertaken to assess and measure whether there is improvement in the delivery of services as set out in the strategic plan of the municipality. From the results of these processes a review of the IDP must be done to plan for future service delivery interventions.

### **3.3.3 Through institutional arrangements**

A precondition for establishing a performance management system in organisations is the institutional arrangements that exist to ensure that the system is implemented. According to Craythorne (2006:121), performance management is commonly thought of as a technique applied to the performance of staff. While that is true, it can also be applied to the actual performance. Therefore the implementation of a performance management system in local government must clarify the different roles played by public office bearers and municipal officials in the development and implementation of the IDP and performance management system.

The next section of the chapter discusses the practical implementation of the alignment of the IDP and performance management system through institutional arrangements, integrated and strategic planning, and monitoring and evaluation processes.

## **3.4 Practical implementation of performance management systems in local government**

The policy framework that governs local government provides a basis for the implementation of performance management systems in local government. As described in Chapter 2, performance

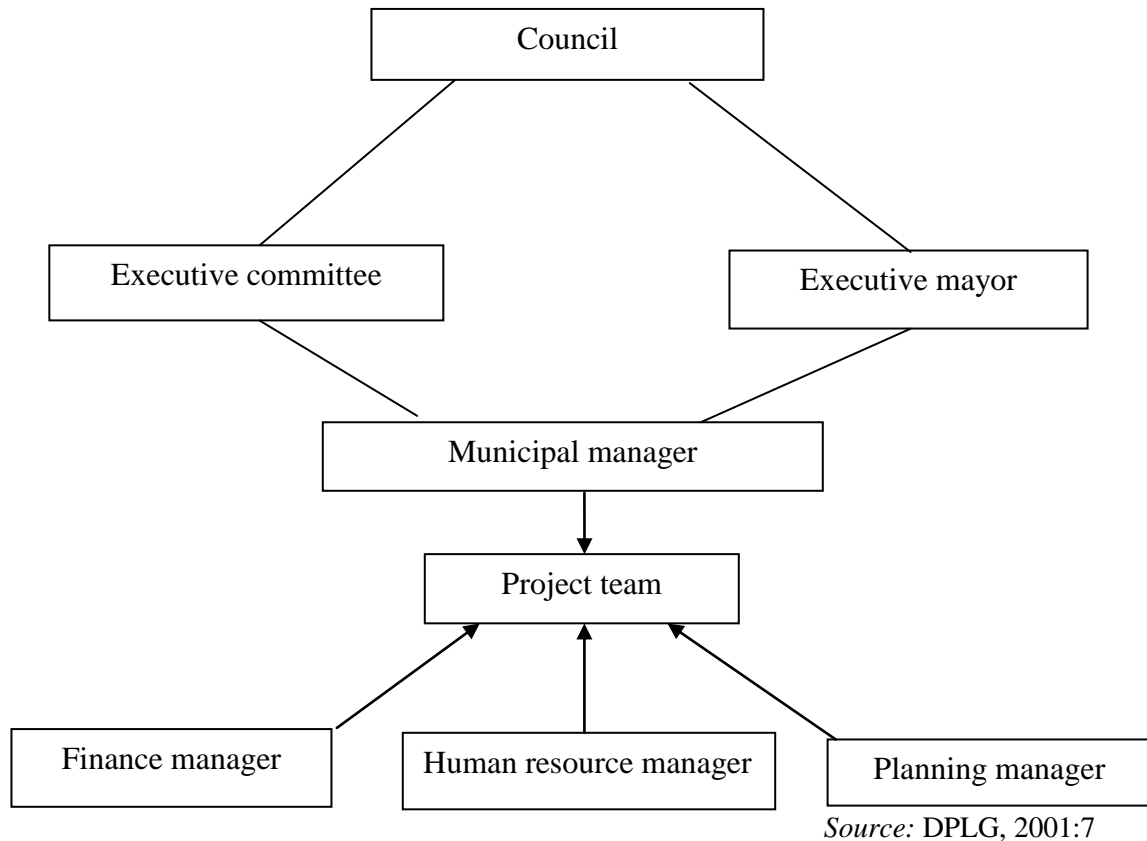
management systems are critical for municipalities to deliver services effectively. Experience has shown that managing the public service is becoming increasingly complex, perhaps because public policy issues are becoming more international and involve a wider range of stakeholders (Agere & Jorm, 2000:6) .Therefore municipalities must have institutional arrangements and systems that will spearhead the development and implementation of their IDP and performance management system.

#### **3.4.1 The institutional context of the performance management system**

According to Hawke (2012:313), structural factors of a performance management system relate to the legal, institutional and organisational structure within which performance management operates. When developing a performance management system, the structural factors of the municipality must be examined. The institutional arrangement is the manner in which a municipality has organised itself to responds to the implementation of a performance management system. The Municipal Systems Act (Act 32 of 2000) places the responsibility of developing the IDP and establishing the performance management system on the executive committee or the executive mayor and council.

The executive committee or executive mayor of the municipality may delegate the function to the municipal manager, who can further sub-delegate to a senior manager. The municipal manager and the performance management project are expected to prepare the organisation, facilitate the development of the system and support the organisation in implementation (DPLG, 2001:7).The processes of developing the performance management system are not separated from the IDP processes as they must be aligned. Therefore the municipal manager and the project team must ensure alignment of the IDP and performance management system with the intention of improving service delivery.





**Figure 3.1: Internal institutional arrangement**

**Error! Reference source not found.** provides a summary of stakeholders and the roles played in the development and implementation of a performance management system. The figure shows that the management of performance within municipalities is a council function which is delegated to the executive committee or the executive mayor. Administratively, the municipal manager spearheads the management of performance in collaboration with the project team that consist of the finance, human resource and planning managers. Besides the project team depicted above, there are other institutional stakeholders that play a role in the development, implementation and evaluation of the performance management system.

### **3.4.2 Performance planning**

Performance planning is achieved when municipalities set five-year service delivery priorities, objectives, indicators and targets in the IDP through a strategic planning session. The purpose of undertaking a strategic planning session is to plan for the desired performance, make service delivery decisions and assign performance responsibilities to particular stakeholders who will be accountable for performance or non-performance.

The service delivery priorities, objectives, indicators and targets serve as yardsticks for municipalities to review the IDP. The process of reviewing the IDP is to adjust performance with the aim of achieving the desired service delivery objectives.

### **3.4.3 Annual performance plan (The Service Delivery Budget Implementation Plan (SDBIP))**

The basic elements of the planning system include the requirement that municipal government must adopt an annual plan (Dollery, Carcea & Lesage, 2008:204). In this instance, the annual plan is the SDBIP, a municipal tactical plan that defines the tactics, initiatives and allocation of resources required to meet agreed-on targets and the overall business objectives and strategies that have been defined during the strategic planning and target-setting process. The SDBIP is primarily an implementation and management tool of a municipality (Venter, Van der Walt, Phuthiagae, Khalo, Van Niekerk, and Nealer, 2007:190). It is used by municipalities to ensure that the operations of the municipality are geared towards meeting the objectives and targets set in the IDP.

One of the significant breakthroughs in performance management has been the realisation that planning should be done on a rolling quarterly basis rather than on a traditional annual cycle (Parmenter, 2012:51). In the municipal environment, the SDBIP is used as a single-year operational plan that shows the anticipated performance of a municipality for a specific financial year (Minnaar, 2010:110) and depicts how IDP objectives and targets are going to be met. The process of developing the SDBIP requires that the municipality develop quarterly targets against the targets set in the IDP. It is therefore important that municipalities develop the annual plan with quarterly targets that depict how the annual target will be achieved.

From the above, it can be concluded that the SDBIP must be clear, simple and easy to implement as a management tool. It must be aligned to the IDP of the municipality as its intentions are to implement the IDP. Where annual objectives and targets are developed, their alignment to the long-term objective must be clearly depicted.

#### **3.4.4 Performance monitoring**

The fact that all elements of planning for performance are well developed does not guarantee satisfactory performance. It is therefore important that municipalities monitor performance against the agreed performance objectives and targets set in the SDBIP. According to the Van der Waldt (2007:125), performance monitoring in municipalities should be designed to:

- Enable the municipality to detect early signs of under-performance;
- Provide corrective measures where underperformance has been identified; and
- Facilitate comparison between current performance and the performance during the previous financial year.

Municipalities must compile performance monitoring reports quarterly to illustrate the progress to date of achieving the SDBIP quarterly targets that are linked to the annual target of the IDP. The quarterly performance monitoring reports are developed to periodically observe performance over time in order to detect underperformance timeously and undertake corrective action to reach the desired performance developed in the SDBIP.

#### **3.4.5 Performance evaluation**

Evaluation of the IDP as to whether it is achieving its objectives and targets can be done by undertaking both formative and summative evaluations. According to Grinnell, Gabor and Unrau (2012:35), formative evaluation typically involves gathering data during the early stages of a programme, with the focus on finding out whether efforts are unfolding as planned, uncovering any obstacles, barriers, or unexpected opportunities that may emerge, and identifying mid-course adjustments and corrections that can help ensure the success of the programme. In a municipal environment, formative evaluation is undertaken at mid-financial year (January) to determine whether to adjust the SDBIP quarterly targets to meet the annual target set against the IDP objective, and at the end of the financial year (June) by assessing the level of achievement of the annual target.

Summative evaluation typically involves the preparation of a formal report outlining the impact of a programme (Grinnell, 2012:35). It is intended to evaluate the after-effects of a social programme with the intention of analysing whether the programme achieved its intended objectives and the results can be shared (Borchard, 2013:37). The formative evaluation (performance assessment reports) reports compiled in January and June are used by the municipality to develop summative

reports, namely the annual report, which provides an evaluation of whether the municipality has achieved its objectives as set in the IDP. Therefore the annual report as a summative report is an important document for municipalities as it informs decision makers whether there has been improved service delivery or not. This, in turn, helps them decide what development interventions to formulate to realise the IDP objectives.

### **3.5 Conclusion**

It is evident that the Republic of South Africa has launched drastic initiatives to ensure that performance management systems are implemented in local government. The various pieces of legislation promulgated provide the platform for the improvement of service delivery in municipalities. The legislation promotes the use of a performance management system as a tool for improving the performance of a municipality to deliver services. The legislation states how performance in local government can be managed through the establishment of a project team that will spearhead the development and implementation of a performance management system.

A developed performance management system enhances planning, monitoring and evaluation in a municipality. It enables a municipality to continuously monitor and evaluate whether set performance objectives and targets are being met ultimately to achieve improved service delivery. Its implementation informs decision makers on changes that should be made to improve service delivery.

The next chapter analyses the case of the Capricorn District Municipality (CDM). The focus will be on the practical processes and institutional arrangements through which the integrated development planning process of the municipality has been aligned to its performance management processes.

## **CHAPTER 4 : PERFORMANCE MANAGEMENT IN THE CAPRICORN DISTRICT MUNICIPALITY (CDM)**

### **4.1 Introduction**

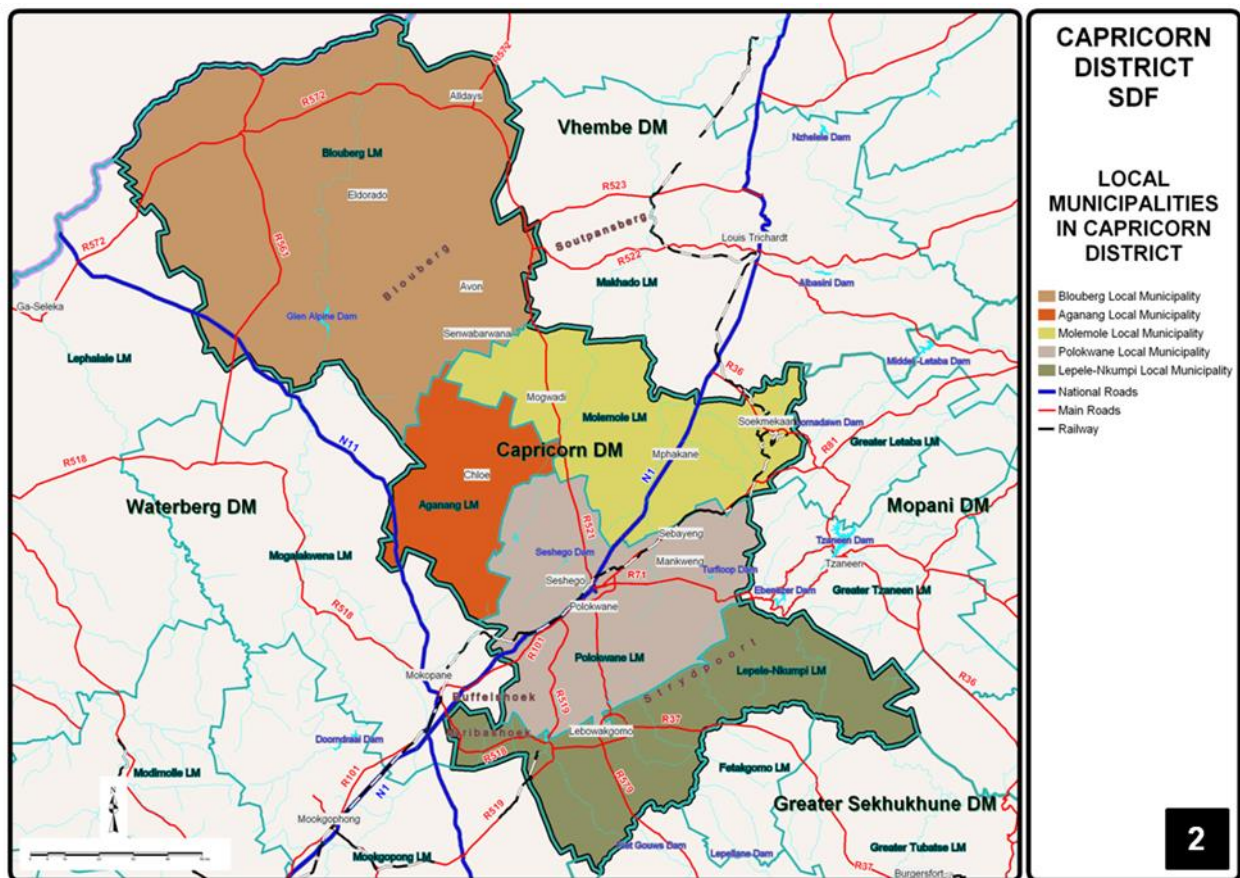
The focus of this chapter is the presentation of the specific case of the CDM and to answer the main research question on the extent of the alignment between the IDP and performance management system of the CDM. Qualitative research methods were deemed appropriate to collect the required data. The researcher applied the exploratory and descriptive research methods to determine whether there is alignment between the IDP and performance management system of the CDM. The data was gathered through interviews based on predefined questions and documents were analysed to explore this alignment. A document analysis usually entails doing a content analysis of official government records, internal organisational annual reports or memos, or external reports or articles about a case subject (McNabb 2002:295—296). The document analysis for the purpose of the research entailed analysing the content of CDM's 2011/2012 and 2012/2013 IDPs, the quarterly and annual reports, and the performance management system framework. The content analysis method was used as a research data collection method to verify and supplement the responses received from the senior managers and managers in the CDM. The documents were analysed following the sequence of questions that were used in the interviews of the senior managers and managers responsible for the performance management system of the CDM.

The first part of the chapter briefly introduces the case study context and the specific processes for planning and performance measurement in the case study organisation, as deduced from the analysis of internal documents. This is followed by a detailed description of the process of empirical data collection through interviews with key informants as well as the practical process of data collection and analysis.

The final section of the chapter presents collected data to address two of the four research objectives, namely the processes involved in the development and implementation of the performance management system in the CDM and assessment of the extent to which the performance management system of the CDM aligns with the IDP.

## 4.2 Overview of the CDM

CDM (DC35) is situated in the centre of the Limpopo Province, sharing its borders with four district municipalities, namely Mopani (east), Sekhukhune (south), Vhembe (north) and Waterberg (west). The district is situated at the core of economic development in the Limpopo Province and includes the capital of the province, the city of Polokwane. One national and various major provincial roads pass through the district municipal area: the N1, the national road from Gauteng to Zimbabwe and the rest of Africa; the P33/1 (R37) from Polokwane to Burgersfort and Lydenburg; the P94/1 (R521) from Polokwane to Alldays and Botswana, and the P17/1 (R71) from Polokwane to Tzaneen and Phalaborwa.



Source: CDM IDP: 2011:24

Figure 4.1: CDM locality map

The CDM is comprised of five local municipalities, namely Aganang, Blouberg, Lepelle-Nkumpi, Molemole and Polokwane. The population distribution of the CDM since 1996 is depicted below:

**Table 4-1: CDM population figures**

Municipality	1996	2001	% change	2011	% change
Aganang	146 335	146 872	0.1%	131 164	-1.1%
Blouberg	158 751	171 721	1.6%	162 629	-0.5%
Lepelle-Nkumpi	234 926	227 970	-0.6%	230 350	0.1%
Molemole	106 635	109 441	-0.3%	108 321	-0.1%
Polokwane	424 835	508 277	3.6%	628 999	2.1%
<b>Capricorn</b>	<b>1072 484</b>	<b>1 164 281</b>	<b>1.6%</b>	<b>1 261 463</b>	<b>0.8%</b>

*Source: CDM IDP, 2012:34*

The CDM has developed an IDP and performance management system as it is required by the Municipal Systems Act (Act of 2000) and Municipal Finance Management Act (Act 52 of 2003). These are reviewed annually to track the progress of service delivery within the municipality. A municipality is able to align its IDP and performance management system by aligning its planning, monitoring and evaluation processes through initially setting objectives and targets in the IDP that serve as performance management instruments. The set objectives and targets developed in a municipality's IDP must be tracked by the monitoring and valuation reports, namely the quarterly and annual reports of the municipality, to assess whether they are achieved.

According to the Municipal Structures Act of 1998 (Act of 1998), it is the duty of the council annually to review its organisational delivery mechanism for meeting the needs of the community and its overall performance in achieving the objective of local government annually. Furthermore, the development of the performance management system is a council function delegated to the executive mayor. The policy framework, namely the performance management system framework adopted by the CDM, was analysed to determine the role of the council and the mayoral committee.



However, the performance management framework of the CDM does not clearly describe the role of the mayoral committee and council in the development of the performance management system. The CDM Performance Management Framework states that the council, the executive mayor and municipal manager will be involved at a strategic level to monitor the overall performance within a performance area, while senior managers are tasked to monitor the IDP at operational level (CDM Performance Management Framework 2012:11). As stated above, the CDM framework does not clarify the different roles of the council, mayoral committee, municipal manager and senior managers in developing and implementing a performance management system.

#### **4.2.1 Process for document review**

To investigate the alignment of the IDP and performance management system the research used document analysis.

The focus of the document analysis was based on meeting two research objectives, namely summarising the development and implementation of the performance management system in the CDM and assessing the extent to which the performance management system of the CDM monitors and evaluates the implementation of the IDP.

The procedure followed to examine the documentation of the CDM, namely the performance management framework of 2011/2012, the IDPs of 2011/2012 and 2012/2013 and the 2011/2012 SDBIPs, quarterly and annual reports were as follows:

- A letter applying to undertake the research in the CDM was written and approved by the municipality.
- The performance management framework of 2011/2012, the IDPs of 2011/2012 and 2012/2013, the SDBIPs, quarterly and annual report of 2011/2012 were obtained from the municipality.
- The alignment of the IDP and performance management system of CDM was analysed. The researcher studied the performance management framework of CDM, as it details the development of IDP and performance management, and compared it with the legislative requirements that cover the development of these documents, and include institutional arrangements, performance planning and performance evaluation to ensure alignment. The



analysis involved tracing the pattern of alignment between the IDP and performance management system from the documents and reports scrutinised.

The following section of the research provides the results of the document analysis to illustrate the alignment of the CDM IDP and performance management system through its institutional alignment, strategic planning, monitoring and evaluation.

#### **4.2.2 Institutional arrangement to ensure alignment of the IDP and performance management system within the CDM**

Chapter 2 advocates that performance management should be undertaken to promote the achievement of organisational objectives by individuals. The chapter further describe different performance management models. The performance management models discussed include the balanced score card, the goal-setting theory, the systems model, the logic model, total quality management and the South African excellence model. The CDM Performance Management Framework is not clear on what performance management model is followed in its pursuit of achieving organisational performance, while the performance management policy adopts 360 degree feedback for individuals as a performance assessment instrument to be used to generate performance measurement results. The results, generated from a multi-feedback source on performance (360 degrees where possible), will subsequently be used to inform decisions on probation, rewards, promotions and skills development needs of current and future employees of the CDM (CDM Performance Management Framework 2012:11).

#### **4.2.3 Comparison of the alignment of CDM IDP objectives and targets**

The findings on the IDP of the CDM as a strategic plan that guides the operations of the municipality are that the IDP has been adopted and has all the elements of a strategic plan as outlined in Chapter 5 of the Municipal Systems Act of 1998 (Act 32 of 1998). The review of the 2011/2012 IDP document, however, reveals that it fails to distinguish the difference between medium- to long-term strategies and operational strategies. Nevertheless, it is still able to guide the operations of the municipality as the document comprises mostly operational strategies. To ensure that the IDP is implemented, the CDM develops a SDBIP annually and uses it as a management tool.

To assess whether the strategic plan of the municipality does set objectives and targets for the service delivery, which must be met, the research reviewed the 2011/2012 and 2012/2013 IDP of the CDM (see Annexure A) . The findings were that the 2011/2012 IDP of the municipality does set objectives. The following are examples from the CDM 2011/2012 IDP (CDM IDP 2011:102–129):

- To have 100% of households with access to basic services (water, sanitation & electricity) by 2014;
- To manage the conservation and protection of the environment to ensure sustainable development and use of natural resources;
- To reduce the number of new HIV infections by half by 2015;
- To protect the municipality from potential risk through the development and coordination of risk management strategies; and
- To become a regional information hub and e-municipality to enhance sustainable development.

For the 2012/2013 financial year CDM did set objectives. The following are examples of the objectives set by the CDM (CDM IDP 2012:82-90)

- To provide affordable, clean and potable water according to RDP standards to 100% of the population by 2014;
- To manage the conservation and protection of the environment;
- To reduce by 50% the rate of new HIV infections by 2016;
- To protect the municipality from potential risk; and
- To render effective Information Technology support services to the Municipality

In terms of the theoretical and policy link between the IDP and the performance management system as presented in Chapters 2 and 3, the CDM IDP should become the foundation for the CDM's performance management system. Practically, a direct alignment is expected between the service delivery objectives, adopted indicators and targets presented in the two documents, with smaller semantic differences in that the IDP focuses on planned performance and the performance management system reports on actual performance. The analysis of the CDM documents, however, revealed unexpected variances between the IDP and performance management system. Annexure 1

presents a summary of misalignments found in terms of key performance indicators, measurement units and targets. The following are excerpts demonstrating this misalignment (see Annexure B):

- The strategic objective in the 2011/2012 IDP on good governance is to ensure that effective governance is implemented and supported to improve and sustain service delivery. The key performance indicator for this strategic objective is the number of functional oversight committee meetings held. Over the three financial years 2011/2012, 2012/2013 and 2013/2014 the municipality set targets aimed at the council achieving 100% compliance with its political functionaries. While the municipality set the key performance indicator in numbers, the targets are set in percentages. When comparing whether the municipality's SDBIP for the 2011/2012 financial year had the same IDP target to achieve this strategic objective, it was found that the municipality had not set a target in its SDBIP. Furthermore the monitoring reports and the annual report did not report on the achievement of this annual target.
- The strategic objective of the 2011/2012 IDP is to render emergency and disaster management services. To achieve the objective the key performance indicator is availability of emergency and disaster management services implementation plan, while the target for the three financial years is to render emergency and disaster services in four local municipalities. The key performance indicator and target are not set to achieve the same objective as they do not inform and align with each other. Comparison with the SDBIP for the 2011/2012 financial year to ensure the same target had been set to achieve the IDP strategic objective, it was found that no target for rendering emergency and disaster services in four local municipalities had been set. Again the monitoring reports and annual report did not report on the achievement of the annual target.
- The strategic objective in the 2011/2012 IDP of financial viability is to ensure financial security by having a positive cash position by June each year. The key performance indicator is financially viable cash flow management. The CDM for the 2011/2012 financial set a target of having a positive cash flow with liquidity ratio of 0.80:11:1 for the 2012/2013 and 2013/2014 financial years respectively. A comparison of the SDBIP of the municipality for the 2011/2012 financial year regarding the setting of the same target to achieve this strategic

objective showed that the municipality did not set a target in the SDBIP. Furthermore the monitoring reports and annual report did not report on the achievement of the annual target.

- The strategic objective in the 2011/2012 IDP is to become a regional information hub and e-municipality to enhance sustainable development. The CDM set targets for the three financial years (2011/2012, 2012/2013 and 2013/2014) to produce automated reports on information technology (IT) support against the key performance indicator of producing a monthly automated report on IT Support. The SDBIP of the CDM for the 2011/2012 financial year showed that no target had been set to produce automated reports on IT Support to achieve this IDP strategic objective. Nor did the monitoring and annual reports on the achievement of the annual target.
- The strategic objective in the 2011/2012 IDP is to have 100% households access to basic services (water, sanitation and electricity) by 2014. Targets set by the CDM for the three financial years (2011/2012, 2012/2013 and 2013/2014) was to have the effluent of six (two for each financial year) waste water treatment plants complying with SANS 241 against the key performance indicator of waste water treatment plants effluent complying with SANS 241. Again the SDBIP of the CDM for the 2011/2012 financial year failed to set the same target to achieve the IDP strategic objective – it did not set the target to achieve two wastewater treatment plant that comply with SANS 241 for that year. Nor, again, did the monitoring reports and annual report on the achievement of the annual target.

#### **4.2.4 Extent to which CDM monitors and evaluates the implementation of the IDP**

Processes of monitoring performance in a municipality are geared towards achieving the objectives and targets that are set in the IDP and SDBIP. The research firstly analysed the CDM's 2011/2012 IDP and SDBIP to assess the alignment of the set targets against the determined IDP objectives of what must be achieved in the financial year. Document analysis of the CDM's 2011/2012 IDP and SDBIP found that the IDP contained objectives and targets. However, when comparing the targets set in the SDBIP, which is the annual performance plan, with the IDP objectives and targets it was found that in some instances new targets had been set and that most targets set in the SDBIP were not

aligned to the IDP objectives, which in turn should be aligned to projects or outputs. The CDM failed to show how projects or outputs are aligned to the IDP objective. Furthermore, the set SDBIP targets poorly tracked progress in relation to the objectives of the IDP, as the SDBIP targets mostly differed from those set in the CDM's IDP. The following are examples of the findings, which are also tabled in Annexure C:

- The objective of the municipality as set in the IDP is to give 100% of households access to basic services (water, sanitation and electricity) by 2014. The municipality's key performance indicator in the IDP is the number of households with access to basic sanitation, while the SDBIP key performance indicator is 285 566 households with access to basic sanitation. When comparing the annual target set in the IDP, the target set in the SDBIP is different. The IDP annual target for 2011/2012 was to achieve 53% households with access to sanitation, while the SDBIP had two separate targets – 51.9% and 148 066 households with access to sanitation – for 2011/2012.
- The CDM objective as set in the IDP is to give 100% of households access to basic services (water, sanitation and electricity) by 2014. The municipality set a key performance indicator on transport against the objective. The key performance indicator for both the CDM's IDP and SDBIP are different. The IDP key performance indicator is the number of people with access to safe, accessible and quality transport, while the key performance indicator in the SDBIP is four kilometres to be tarred from Mamaolo to Seleteng. The targets set against the key performance indicators in both the IDP and SDBIP are also different. The IDP target is 36% of citizens to have access to transport, while the SDBIP targets is three kilometres and one kilometre respectively to be tarred by June 2012.
- The CDM 2011/2012 IDP sets a target to achieve 100% advertising of municipal activities in print and electronic media by June 2012. The target is set to achieve the strategic of municipality which is to provide strategic leadership to, and coordination of the Capricorn District Municipality communication and public liaison. However, while the relevant key performance indicator of this IDP target is 100% is inconsistent with the IDP key performance indicator which is 75% advertisement of municipal activities on print and electronic media. The municipality did set the same targets for the 2011/2012 SDBIP and IDP targets.

- In the 2011/2012 IDP the CDM set a target to achieve 65% compliance with the required standards of the provincial treasury. The key performance indicator given is one quarterly assurance review report by the treasury. However, the municipality's SDBIP key performance indicator and target both differ with that of the IDP, stipulating one quality review report.

Performance monitoring is undertaken to identify performance and underperformance. It is aimed at enabling municipalities to take corrective actions where there is underperformance so that performance can be improved to meet the set objectives and targets. The CDM Performance Management System Framework details the steps that must be taken to ensure effective reporting. The steps to be followed to ensure effective monitoring do not include data collection methods used by the municipality. The reporting template, however, dictates that corrective measures for underperformance must be reported. It was found that the municipality does report on performance as well as underperformance. Where there is underperformance, corrective measures are documented against the challenges that led to non-achievement of the target. Nevertheless, most of the corrective actions to meet the challenges show what will be done to overcome the challenge, but do not set a level of achievement for the target which the corrective action should accomplish (see Annexure D).

When the CDM assessed the 2011/2012 second quarter or half-yearly performance assessment report, it did not judge its performance with the intention of improving it to meet its stated targets successfully. The half-yearly performance assessment report is the same as the performance monitoring report – it depicts the challenges and the corrective actions to be undertaken.

A comparison of the 2011/2012 annual report and the 2011/2012 and 2012/2013 IDPs revealed inconsistencies between planning and evaluation in the municipality. In the annual report the CDM does not evaluate the performance of set IDP targets as the targets given in the annual report are linked to projects. Where the IDP review process uncovered gaps between the annual report and the IDP, the municipality developed strategic objectives to align the reported progress linked to projects of the previous financial year. Other findings of inconsistency in the comparison of the annual report with the previous and following financial year's IDPs was that, where the strategic objectives and targets of the IDP and annual report are consistent, the performance reported in the annual report does not state the level of achievement or non-achievement of the target as required. Furthermore there is no continuation of setting targets against the same strategic objectives in the subsequent

financial year (2012/2013); only the strategies are set. The following are the examples found in Annexure E.

- Both the 2011/2012 and 2012/2013 IDP strategic objectives are to provide 100% of households with access to sanitation by 2014. In the 2011/2012 financial year the set target against the objective as to ensure 53% of households would have access to sanitation. By the end of the 2011/2012 financial year, the municipality had provided 51.6% of households with sanitation. However, when reviewing the 2012/2013 IDP, it was found that no targets were set, only strategies developed.
- Both the IDP for 2011/2012 and 2012/2013 financial years set the strategic objective of providing support to the executive mayor, speaker and chief whip. Only for the 2011/2012 financial year was a target set of achieving 100% support to councillors, while for the 2012/2013 financial year no target was set against the strategic objective. However, the 2011/2012 report does not state in percentages how much support was provided to councillors, but reports only that comprehensive support to political functionaries and council was established
- The annual report and the IDP of the CDM for the 2011/2012 financial year are aligned against what was planned and achieved by the end of that financial year. The municipality aimed to have an approved risk profile in the 2011/2012 financial year and the annual report shows that a risk profile was approved by the end of the financial year. However, the IDPs of the municipality for the 2011/2012 and 2012/2013 financial years set different strategic objectives. For the 2011/2012 financial year the strategic objective was to protect the municipality from potential risks through the development and coordination of risk management strategies, while in the 2012/2013 IDP the strategic objective is to protect the municipality from potential risks. The municipality did not set a target against the strategic objective.
- The 2011/2012 annual report of the municipality reported that a citizen's report was produced while there was no such strategic objective and target set in the 2011/2012 financial year IDP. In the 2012/2013 financial year, the municipality developed an objective to ensure community participation and involvement to inform decision making with the aim of developing a customer satisfaction framework/survey (external and internal).

A comparison of both the annual report and the IDP for 2011/2012 financial year reveals that the municipality did set the strategic objective to develop, manage, reward, engage and retain CDM's employees to ensure that the municipality's strategic objectives are met and to help CDM be the REAL employer of choice. The CDM set the target of achieving 95% compliance to the staff provisioning plan or cycle. However, by the end of the financial year the municipality did not report on the level of achievement of the target set. In the 2012/2013 financial year the strategic objective set was to manage the human capital of municipality with projects such as recruitment services, but against no target.

### **4.3 Alignment of the CDM IDP and PMS: Data from the interviews**

The research undertook interviews within the CDM. The purpose of the interviews was to understand the practical alignment of the IDP and performance management system from the management responsible for the process within the CDM. The interviews were based on the institutional arrangement, and the planning, monitoring and evaluation alignment perspective of the municipality.

#### **4.3.1 Research population**

The population study of the CDM was 37 senior managers and managers including the executive mayor and the municipal manager. The sample frame of the population was the executive mayor, the municipal manager, senior managers and managers. The sample was purposively selected as the participants are steering processes of the development of the IDP and performance management system of the CDM. Administratively the municipal manager and two senior managers namely, strategic executive management services and development planning and environmental management are responsible for the development of the IDP and performance management system. Directly reporting to the senior managers strategic management services is the manager performance management while the manager IDP reports to the development planning and environmental management senior manager. Four senior managers were interviewed as they are responsible to ensure that both the IDP and performance management system of the municipality are implemented.



**Table 4-2: Research population**

<b>Occupational category</b>	<b>Population number</b>	<b>Responded per category</b>
Executive mayor	1	0
Municipal manager	1	0
Senior managers	6	6
Managers	29	2

#### **4.3.1 Research sampling**

The research took place in the CDM offices in October and November 2013. The research, using predetermined questions, was conducted in the following manner:

1. A letter applying to undertake the research in the CDM was written and approved by the municipality.
2. Purposive sampling was used to gather data. The sampling method was used purposively as the senior managers and managers are responsible for the development of the IDP and performance management system. At the time the sample was compiled there were six senior managers and 29 managers. All six senior managers and two managers were interviewed according to the pre-developed questionnaire included in Annexure F.
3. The interview sessions were arranged with the participants through the Human Resources Strategic Business Unit and the participants were interviewed during office hours once the appointment was confirmed. Prior the interviews the participants were briefed on the purpose of the research and were interviewed based on the predetermined questionnaire.
4. Eight respondents within the CDM participated in the research.

### **4.3.2 Data collection method**

The research used semi structured interviews to explore the views and experiences of the respondents of the alignment of the IDP and performance management in the CDM. The researcher generated questionnaire with the same series of questions. The respondents when interviewed were probed for more detailed information by clarifying their answers.

To ensure accurate recall of the interview, all interviews were recorded with a permission of each participant. The interviewees were assured about the confidentiality of the information given. All interviews were transcribed, analysed and discussed. The interview transcription is attached in Annexure F.

### **4.3.3 Data collection instrument**

The questionnaire was structured to respond to the following research objectives:

- To describe the importance of performance management systems in managing performance within the local government context;
- To summarise the development and implementation of the performance management system in the CDM; and
- To assess the extent to which the performance management system of the CDM monitors and evaluates the implementation of the IDP.

The interviews, based on a predetermined questionnaire and documents, were analysed in accordance with the five themes that the questionnaires and documents were structured to cover, namely:

1. Demographic/employment overview;
2. Institutional arrangement;
3. Performance planning ;
4. Performance monitoring ; and
5. Performance evaluation.

The demographics section was aimed at understanding the respondents' experience and background in the municipal environment including the current position they held.

The second set of questions aimed to unpack the institutional and governance structures responsible for the development and implementation of the performance management system within the CDM.

The final part of the questionnaire focused on the processes of developing the performance management system. The questions were divided into three themes, namely performance planning, performance monitoring and performance evaluation. The purpose of the theme of interviews, based on predetermined questions, was to investigate the alignment of the IDP and performance management system of the CDM.

The next section of the chapter focuses on the analysis of the response gathered through the predetermined research questions posed to the participants during the interviews sessions.

#### **4.4 Performance management processes in the CDM-Theme 1**

##### **4.4.1 Demographic/employment overview**

The demographic and employment history of the CDM management was analysed to illustrate the demographic characteristics of managers responsible for managing performance in the CDM, as these characteristics assist the researcher to interpret the responses given, since aspects such as job experience and educational levels may influence the reliability of the responses. The data presented here indicate a fair representation of gender, age and local government experience, with the qualifications of managers included in the group being generally high.

###### **4.4.1.1 Gender and age group**

Four female and four male senior managers and managers were interviewed on the effectiveness of the performance management system of the CDM.

One senior manager interviewed was more than 51 years old, two senior managers and managers were in the age group between 41–45 years, four senior managers and managers fell within the 31–35 years age group, and one manager fell within the age group of 25–30 years.

###### **4.4.1.2 Period of experience in local government**

Experience in local government is crucial to managing performance management in local government. Four of the interviewed senior managers and managers had less than five years in local

government. Two had between six and ten years' experience and the remaining two had 11–15 years' experience in local government.

#### **4.4.1.3 Highest level of education/qualification and period of experience in current position**

Two of the respondents had Honours degrees and six had obtained Masters' degree. The period of experience in the current position of the respondents was as follows:

- Four had between one and five years' experience in the current position;
- Two had between six and ten years' experience in the current position; and
- Two had between 11–15 years' experience in the current position.

#### **4.4.2 Institutional arrangement –Theme 2**

The questions in the structured interview in Annexure A sought to help the researcher understand the manner in which the CDM has organised itself institutionally in implementing the performance management system from the development of the IDP, SDBIP, quarterly and annual reports. The interviews sought to clarify the different role played by the council, mayoral committee, municipal manager and senior managers. The questions in this section were divided into two parts. In the first part the interviewees responded to the following questions:

##### **Council and the Mayoral Committee participate in the development of the performance management system of the Capricorn District Municipality.**

<b>Senior Manager/Manager's response</b>	<b>Number</b>
Strongly agree	3
Agree	4
Don't know	0
Strongly disagree	0
Disagree	1

Three of respondents strongly agreed that the council and mayoral committee participate in the development of the performance management system. The participation of the council and mayoral

committee is achieved through the approval of the performance management system. The council approves the performance management system after the administration has developed the system. The strong agreement was based on the following comment from one of the interviewees:

*“The Mayoral Committee and Council are the approving authority. Policies of the municipality are approved by them.”*

Four of the respondents agreed that the mayoral committee and council play a role in developing the performance management system of the CDM. During public participation, the council is involved in and comments on projects of the IDP and performance management system. It drafts the targets and monitors performance on monthly basis. The mayoral committee approves the performance management system and the council adopts it. The council champions the process as it sets the IDP targets and projects that translate into the performance management system.

One of the respondents disagreed that the mayoral committee and council play a role in the development of the performance management system. The interviewee disagrees as follows:

*“Performance management system is mainly discussed among officials, the Mayoral Committee and Council only approves it.”*

**The second question read: the Municipal manager and senior managers participate in the development of the performance management system of the Capricorn District Municipality**

Senior Manager/Manager's response	Number
Strongly agree	5
Agree	2
Don't know	0
Strongly disagree	0
Disagree	1

Five of the respondents strongly agreed that the municipal manager develops the performance management policy and evaluates whether it will achieve its objectives. The strong agreements were based on the fact that the senior managers are responsible for ensuring that the performance management system is established, approved and implemented. Their performance is assessed based on the performance management system developed by the CDM.

One of the reasons given for the strong agreement that the municipal manager and senior managers do participate in the development of the performance management system of the CDM was that:

*“Municipal Manager and senior managers are the top layer of management in the institution. [It is at] this management level where policies and procedures are discussed. Conceptualisation of the policy document including the performance management system is done at this level”.*

Two respondents agreed that the municipal manager and senior managers participate in the development of the performance management system as management is responsible for developing the performance management system that is subsequently adopted by the council. It was mentioned that management ensures the development of performance management policy and SDBIP.

*“Management is involved in the development of the SDBIP which forms part of the performance management system of the municipality.”*

One respondent however disagreed and stated:

*“Performance management system is mainly developed by the performance management unit. After development it is then informed and presented to management as developed. It is done mainly by the unit responsible for the task.”*

The interviewee further stated that even though the municipal manager may delegate the performance management function to a senior manager, the CDM Performance Management Framework provides no specific clarity on the performance management roles to be performed by the municipal manager and senior managers in the development of the performance management system.

In summary based on the interviews, CDM institutionally arranged itself to implement a performance management system. Council and the mayoral committee play a role in the development of the IDP, SDBIP, quarterly and annual report. The mayoral committee approves the performance management system and Council adopts it. Administratively, the municipal manager and senior managers are responsible for the development of the performance management system.

## 4.5 Performance planning –Theme 3

To establish the development of the performance management system as a planning tool in the CDM the interviewees were asked to answer planning-related questions by stating their level of agreement or disagreement with the questions concerned. The rationale behind the posing of the questions was gain an understanding of the strategic planning and management processes to assess whether there is alignment between the IDP and performance management system. Respondents were also required to motivate their answers. The following performance planning questions were asked:

- Is there a formal documented strategic plan that guides the operations of the Capricorn District Municipality?
- Does the IDP set objectives and targets that must be met?
- Is there alignment between the IDP and performance management system of the Capricorn District Municipality?
- Is the SDBIP a management tool used by the Capricorn District Municipality to implement the IDP?

### 4.5.1 Is there a formal documented strategic plan that guides the operations of the Capricorn District Municipality?

Four respondents strongly agreed while the remaining four also agreed that the IDP of the municipality is a strategic plan that guides the operations. The motivation for strong agreement by senior managers was that the IDP is the strategic plan of the municipality; it guides service delivery planning and implementation. During every five-year term the IDP is reviewed annually and forms the basis for service delivery programmes, while the SDBIP is used as a tool in an action plan that is measurable.

From the responses obtained, one of the senior managers stated that:

*“The Municipality has a five year strategic plan. It guides all performance of the municipality, setting objectives and targets that must be met in a financial year.”*

Agreement with the research question by four respondents was based, like the strong agreement of senior managers and managers, on the fact that the IDP of the municipality set targets and objectives which are monitored through the SDBIP and the IDP is the strategic plan of the municipality. It has strategic objectives that must be met. At the same time the SDBIP is the main document that is used as a strategic plan of the municipality. One of manager's response was that:

*"The IDP is the strategic plan that guides the SDBIP which is an operational plan of the municipality."*

#### **4.5.2 The IDP set objectives and targets that must be met**

Performance planning in the public sector and local government must set objectives and targets that must be met. The performance management models discussed in Chapter 2 emphasise that performance management planning in any organisation must be based on the objectives that are set. The strategic plan must be linked to targets indicating the desired level of achievement of the set objectives. The purpose of objectives and targets is to help municipalities understand what must be achieved successfully by providing a systematic picture of a desired outcome so that the municipality can realise the vision that it has set. The research question under discussion aimed to assess whether the CDM IDP does set service delivery objectives and targets that must be met.

All eight interviewed respondents strongly agreed that the IDP set objectives and targets that must be met. The basis for the strong agreement was that it is legislated that municipalities must develop an IDP with objectives and targets which are based on the municipality's priorities. The five-year IDP is reviewed annually. Its core components are the set strategies, objectives and targets. These objectives and targets must be met every financial year and are reviewed annually to assess performance and remedy poor performance.



#### 4.5.3 There is alignment between the IDP and performance management system of the Capricorn District Municipality

Chapter 3 Section 3.3 emphasises the importance of the alignment of the IDP and performance management system. The processes of developing the performance management system and IDP must be integrated and seamless as they inform each other. The purpose of the research question was to find out from the interviewees whether the IDP and performance management system are seamlessly aligned to and inform each other. This section discusses the results of the interviews held with senior managers and managers of the CDM.

##### **There is alignment between the IDP and performance management system of the Capricorn District Municipality**

Senior Manager/Manager's response	Number
Strongly agree	5
Agree	3
Don't know	0
Strongly disagree	0
Disagree	0

The view of five respondents from the CDM was full agreement with the statement that there is alignment between the IDP and performance management system. After the IDP is adopted the SDBIP is developed and aggregated into annual targets through quarterly targets. All projects in the IDP find expression in the SDBIP, which is the implementation plan of the municipality. One of the interviewed respondents stated that:

*“The IDP is the strategic plan of the municipality while the performance management system implements the IDP. It elaborates on how the targets set are going to be met.”*

Three of those interviewed agreed that there is alignment between the IDP and the performance management system of the CDM. The basis for performance management is the IDP. One of the respondents in agreement indicated that there is room for improvement as there is sometimes misalignment found in the annual report even though performance management must fully be informed by the IDP.

*“The performance management system should be aligned with the IDP. However, there are areas where there is misalignment between the IDP and the SDBIP.”*

#### **4.5.4 The SDBIP is a management tool used by the Capricorn District Municipality to implement the IDP**

The SDBIP is developed by municipalities on an annual basis to set the level of achievement they want to achieve by the end of a financial year. The research question's intention was to find out whether the SBBIP the CDM developed is used to manage processes that will result in the achievement of the IDP of the municipality. Senior managers and managers were interviewed and asked to motivate their agreement or elaborate on their disagreement with the statement that the SDBIP is the management tool used by the CDM to implement the IDP. The following are the results of the interviews and document analysis relating to the statement.

#### **The SDBIP is a management tool used by the Capricorn District Municipality to implement the IDP**

<b>Senior Manager/Manager's response</b>	<b>Number</b>
Strongly agree	6
Agree	2
Don't know	0
Strongly disagree	0
Disagree	0

Six respondents strongly agreed that the SDBIP is used as management tool of the municipality. The strong agreement of management was based on the fact that the IDP is a strategic document, while the SDBIP aggregates the annual targets into quarterly targets on how service delivery will be met and that the municipality cannot implement and spent anything that is not in the SDBIP. Management reports monthly on its achievements towards the quarterly targets of the SDBIP. Furthermore, all the projects contained in the IDP are contained in the SDBIP to monitor implementation. One of the interviewees agreed strongly and stated that:

*“The SDBIP set targets and indicators and the budget to be used during the financial year. The SDBIP guides the municipality to manage performance.”*

Two respondents only agreed with the statement that the SDBIP is the management tool of the municipality. The basis of their agreement was that the SDBIP is aligned to the IDP, it has projects that implement the IDP and it constitutes activities that will be implemented in a financial year.

*“The SDBIP has projects that implement the IDP and constitute management activities for a financial year.”*

From the interviews it is clear that the CDM’s SDBIP is used as a management tool. It is regarded as a tool to guide the implementation of service targets against the budget that the municipality set itself. Department reports are generated monthly by managers reporting on the implementation of the SDBIP.

#### **4.6 Performance monitoring –Theme 4**

Through the questionnaires the interviewees were asked questions related to performance monitoring. The purpose of the questions in this section was to gain an understanding of the procedures or systems that are used by the municipality to monitor performance and to find out whether the municipality uses performance targets to determine the progress against objectives. The objective of the questionnaire was also to find out whether the monitoring process is used to provide corrective actions that must be undertaken where under-performance is identified. The following section gives details on the response of the CDM senior managers and managers:

**The Municipality has procedures/systems in place that measure performance against set objectives and targets**

<b>Senior Manager/Manager’s response</b>	<b>Number</b>
Strongly agree	6
Agree	2
Don’t know	0
Strongly disagree	0
Disagree	0

Six of the respondents strongly agreed that within the CDM there are procedure and/or systems in place that measure performance against set objectives and targets. The strong agreement was based on the fact that every quarter the municipality monitors its performance against the SDBIP and the performance management system strategic business unit analyses the overall performance of the municipality. One of the senior managers stated that

*“There are performance review sessions to monitor the targets and objectives of the IDP for the financial year and a scorecard to monitor the targets through[out] the financial year.”*

Two respondents agreed that there are monitoring procedures or systems in place as managers keep a portfolio of evidence of achievement and non-achievement of targets, and performance is measured in terms of the SDBIP, which informs the performance contracts of management.

The interviews of senior managers and managers on whether the CDM uses performance targets to determine progress against objectives resulted in the following:

**Performance targets are used to determine the progress against objectives**

Senior Manager/Manager's response	Number
Strongly agree	5
Agree	2
Don't know	0
Strongly disagree	0
Disagree	1

- Five respondents strongly agreed with the statement. Reasons for strongly agreeing with the statement were that the IDP contains the objectives of key priorities, and the targets are implemented. The objectives and targets assist the municipality to measure whether it is reaching service delivery outcomes. The performance targets direct the milestones towards achieving the objectives of the municipality
- Two respondents agreed with the statement that performance targets are used to determine progress against objectives. There was agreement on the basis that the targets set must be

quantitative to enable the assessment of whether the objectives are met, and the departments are required to report quarterly towards achieving the annual target.

- One respondent disagreed with the statement. The disagreement was articulated on the basis that there is no analysis of the targets against the set objectives. The targets are mostly operational targets and sometimes there is no link between the targets and objectives.

Performance monitoring is undertaken to identify performance and underperformance. It is aimed at municipalities being able to take corrective actions where there is underperformance so that performance can be strengthened to meet the set objectives and targets. The following are the results of the interviews on the research question that monitoring processes are used to inform corrective action that must be undertaken where underperformance is identified:

**The monitoring process is used to provide corrective actions that must be undertaken where underperformance is identified**

Senior Manager/Manager's response	Number
Strongly agree	5
Agree	3
Don't know	0
Strongly disagree	0
Disagree	0

There was strong agreement from five respondents that the monitoring process is used to provide corrective actions that must be undertaken where underperformance is identified. It was reported that quarterly reports are compiled in line with the SDBIP, and the template for reporting requires the municipality to state reasons for underachievement and the corrective action selected to address non-achievement of the annual target. Through its management and mayoral committee meetings the municipality analyses whether the monitoring reports are a true reflection of what transpired.

Three of respondents agreed that the monitoring process is used to provide corrective actions that must be undertaken where underperformance is identified. Through the monitoring of targets the municipality is able to identify underperformance and the corrective action that must be taken. Where

there is underperformance, training is provided to capacitate employees to work towards the achievement of the target.

Based on the interviews performance monitoring is undertaken in the municipality. The CDM has procedures or systems that are used to monitor performance. The procedure or system used by the municipality track progress against objectives is the compiled quarterly report which is used to monitors performance against the SDBIP targets. In areas where there is underperformance the quarterly report requires that reasons for underachievement and the corrective action be identified to address non-achievement of the annual target.

#### **4.7 Performance evaluation –Theme 5**

Performance evaluation is the last step of managing performance. It is undertaken to assess the performance of the IDP and to account for what was achieved and not achieved with the intent of incorporating lessons learned into decision-making process. The research question posed to the interviewees was agreement or disagreement with the statement that the municipality periodically assesses its performance to determine the level of achievement or non-achievement of objectives and targets set. The rationale for the performance evaluation was to assess the frequency with which the CDM evaluates its performance and whether the results of the annual report are used to review the IDP.

The six respondents strongly agreed and two agreed that the municipality undertakes performance assessment to determine the level of achievement or non-achievement of objectives and targets set. The strong agreement of senior manager and managers was based on assessment being undertaken to determine the level of achievement and non-achievement of the objectives and targets. The municipality compiles reports monthly, while every quarter assessment is done to determine the level of achievement and non-achievement. On both a quarterly and yearly basis, the municipality assesses its achievement of set targets. The quarterly assessments are undertaken in departments to evaluate whether they are reaching their targets with the annual assessment ultimately in mind. Individual employee performance assessment is undertaken quarterly within the municipality. The municipal manager is evaluated on the overall performance of the municipality. The evaluation is also done in collaboration with external stakeholders.

**The municipality periodically assesses its performance to determine the level of achievement or non-achievement of objectives and targets set.**

Frequency	Number of senior managers and managers
Yearly	0
Quarterly	8
Monthly	0

One of the respondents stated the following:

*“Throughout the financial year the municipality compile[s] monthly [reports] towards the [quarterly] assessment, the quarterly reports, and quarterly reports are used to assess towards the [compilation] of the annual report.”*

Once a year municipalities must compile an annual report. The purpose and intentions of the annual report are to incorporate lessons learned into decision-making processes. The results reflected in the annual report are used to review the IDP. This review, in turn, is used to improve the setting of targets to achieve the municipality’s objectives. Therefore the annual report must influence performance planning in municipalities.

The following were the results of the interview with the respondents on the usage of the annual report results to review the achievements of the CDM:

Senior Manager/Manager’s response	Number
Strongly agree	3
Agree	3
Don’t know	2
Strongly disagree	0
Disagree	0

- Three of the respondents strongly agreed that the results of the annual report are used to review the IDP. During the strategic planning session of the municipality the review of the IDP is based on the annual report. Furthermore, the review of the IDP also includes whether there is progress towards the five-year strategy that the municipality has adopted. The

purpose of using the annual report is to enhance the ability of the municipality to achieve its objectives. One of the three interviewees responds was:

*“During the strategic planning session on annual basis there is review of the IDP based on the annual report. Evaluation of whether there is achievement of the five-year strategy that the municipality has adopted.”*

- Three respondents agreed that the annual report is used to review the IDP. The bases of agreement was that the annual report depicts the performance of the municipality and is used to review what was achieved and not achieved with regard to the targets linked to the IDP. One of the three interviewees responds was :

*“The annual report is used to review the IDP of what targets are achieved and non-achieved.”*

- Two of the respondents stated that they did not know whether the annual report is used to review the IDP of the municipality.

From the responses received from the interviewees, performance evaluation does take place in the CDM. On quarterly bases an assessment is undertaken to determine the level of achievement and non-achievement of IDP targets. Once in a financial year the CDM compiles an annual report to incorporate lessons learned into decision-making .The results of the annual report are used to review of the IDP of the municipality.



## **4.8 Conclusion**

This chapter presents the specific case of the CDM in implementing the municipal performance management system. Two research techniques, namely document analysis and semi-structured interviews were used to determine the extent of alignment of the IDP and performance management system of the CDM. The strengths and limitations of the alignment of the IDP and performance management system was determined by assessing the development and implementation of the IDP and the performance management system in the CDM and assessing the extent to which the performance management system of the CDM aligns with, and monitors and evaluates the IDP of the municipality. While the collected data confirms that there is a performance management system in the CDM, the alignment of the IDP and performance management system has some challenges that emanate from the institutional arrangement, and performance planning, monitoring and evaluation.

The next chapter will draw conclusions and recommendations from the findings of the interviews and document analysis. The conclusions and recommendations of the findings are meant for the CDM to improve its performance management system.

## **CHAPTER 5 : CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Introduction**

Managing performance in local government in order to implement the IDP is a challenge. Municipalities develop an IDP to improve the provision of services. However, there are challenges in implementing the performance management system to monitor and evaluate the IDP of the municipality to improve the provision of services.

The focus of the chapter is to summarise the conclusions made from the empirical data that assesses whether there is alignment between the IDP and performance management system of the CDM. Recommendations are made for the CDM to consider improving the alignment of the IDP and performance management system.

### **5.2 Summary of the chapters**

The aim of the study was to analyse the alignment of the IDP and performance management system of the CDM using semi-structured questionnaires with eight interviewees and document analysis as qualitative research methods. The study was motivated by the need for local government in South Africa to use the IDP and performance management system to plan, monitor and evaluate their performance with the intention of improving services delivery. The CDM was used as a case study to assess the extent to which its IDP and performance management system are aligned.

The implementation of a performance management system in an organisation is motivated by the need to meet the objectives of the strategic plan adopted by the organisation. The various performance management theories and models discussed emphasise the alignment of the organisational strategy. These theories were contextualised for local government. In other words, the IDP and performance management system must be aligned. For local governments facing service delivery challenges it has become important for the planning, monitoring and evaluation of service delivery to be improved to satisfy the public needs by means of a systematic performance management process.

It is evident that the Republic of South Africa has launched drastic initiatives to ensure that performance management systems are implemented in local government. The various pieces of legislation promulgated provide the platform for improvement of service delivery in municipalities. The various local government legislations also emphasise the importance of developing and aligning the IDP and performance management system as tools to improve the performance of a municipality in service delivery. The alignment can be achieved through undertaking strategic planning processes, monitoring and evaluation processes and the manner in which the municipal institutions are arranged.

The alignment of the performance management system with the IDP starts at the planning phase of the IDP by setting clear objectives and targets that must be met by the municipality. This is followed by continuous quarterly monitoring based on agreed and documented procedures to track the implementation levels of the set objectives and targets. Thereafter the municipality must evaluate the achievement and non-achievement of the set targets with the intention of making decisions regarding the improvement of service delivery that will inform the adjustment of the targets during the mid-year review of the IDP.

The CDM has developed an IDP and introduced the performance management system. The assessment done in this study through interviews and document analysis (IDP, quarterly report and annual report) of the alignment between the IDP and the performance management system has revealed gaps in the current system that the municipality will need to address to better align its IDP and performance management system.

### **5.3 Conclusions and recommendations on Theme 1: Institutional arrangement for the establishment of a performance management system**

Critical components of performance planning in the government context starts with the clarification within the institutions of the various responsibilities of stakeholders to implement performance management systems. The integrated planning processes that arise from the alignment of the objectives and targets with the monitoring and evaluation processes are a critical step to ensuring the alignment of the IDP and performance management system. In South Africa this is in line with the requirements of the Local Government White Paper Notice 423 (Republic of South Africa, 1998) , the Municipal Structures Act (Act 117 of 1998), the Municipal Systems Act 32 (Republic of South Africa, 2000), and the Municipal Finance Management Act 56 (Republic of South Africa, 2003).

In the CDM, these processes are institutionalised through the development of an IDP, a SDBIP, various monitoring reports throughout the year and the annual report. To ensure that the processes are in line with legislation, different stakeholders, including the council, executive mayor, council committees, the municipal manager and managers directly accountable to the municipal manager, play a critical role in developing and aligning the IDP and performance management system. The data collected as part of this research indicate that managers regard the processes very optimistically, and for the most part agree that they fulfil the mandate and performance management expectations of the organisation. The responses also indicate that for the most part the managers agree that the systems are aligned. However, a separate review of the policy documents indicates that there are numerous examples where there is information missing, or misalignment between the documents reviewed, namely the IDP, SDBIP and annual report. The municipality monitoring reports do not correspond with the performance targets that are set in the SDBIP and IDP of the municipality. Furthermore the findings revealed that the annual report does not evaluate the performance of the municipality against the set objectives and targets of the IDP. The misalignment uncovered between sections of the performance management system and IDP may give rise to problems for the municipality in reporting on progress, as the performance measured in the performance management system is different from the performance required by the IDP. The inability to measure performance accurately will complicate the development of improvement strategies and future plans for development of the area.

The following conclusions and recommendations are made based on the analysed data reported in Chapter 4. These conclusions and recommendations are informed by the theoretical, legal and practical perspectives on the alignment of the IDP and performance management system presented in Chapters 2 and 3.

### **5.3.1 CDM's institutional arrangement for the development of a performance management system**

Chapter 2 outlines the importance of the role of leaders in the development of a performance management system, while Chapter 3 emphasises that the responsibility for developing the IDP and establishing the performance management system falls to the executive committee or the executive mayor and council. It is the responsibility of the council annually to review the organisational delivery mechanism for meeting the needs of the community and overall performance in achieving

the objectives of the local government found in section 152 of the Constitution of the Republic of South Africa. The findings in Chapter 4, from interviews and document review, were that the performance management system of the CDM is discussed and developed by the municipal manager and senior managers. The involvement of mayoral committee and council in the development of the performance management system is limited to approving the system. However, the performance management system that the CDM has developed does not state how the council is to conduct an annual review of its delivery mechanism and overall performance. Neither is the process of developing a performance management system clear with regard to the role of the executive mayor and the mayoral committee or the facilitating and administrative function of the municipal managers. It is necessary for the council to be able to review its performance management system every financial year.

The recommendations for the institutional arrangement of the performance management system in the CDM are as follows:

- The leadership of the executive mayor and the municipal manager in the performance management processes plays a critical role. The involvement of council and executive management in the development of the performance management system of the municipality will ensure that all efforts within the municipality are geared towards meeting service delivery outcomes. The performance management system framework should clarify the roles of the council, the executive mayor, mayoral committee, municipal manager and senior managers.
- The different roles played by the council, mayoral committee and administration must be clarified within the CDM in line with the requirements of the local government legislations.
- The municipality should streamline and strengthen its planning, monitoring and evaluation by rearranging the institution with both the IDP and PMS strategic business unit (SBU) managers reporting to one senior manager. As IDP and performance management processes are linked and inform each other. The municipality should train the personnel on how to align the IDP and performance management system from the planning, monitoring and evaluation stages.

The development of an IDP and performance management system is a legislative requirement, as discussed in Chapter 3 of the research. It is also a legislative requirement that a municipal IDP must clarify and quantify performance outcomes and indicators by linking them to performance targets. This requirement also covers institutional performance and targets of performance plans that can be used for managing and measuring municipal performance. In practical terms, with regard to these legislative requirements within the CDM, the municipality did develop an IDP, a SDBIP, monitoring (quarterly) and annual reports.

### **5.3.2 Proposed performance management model for the CDM**

On the adoption of a performance management model that guides performance management processes, Chapter 4 reports that the CDM adopted the 360 feedback model for individual performance management. This model has limitations as it does not illustrate how performance is planned and will be managed from an organisational perspective.

It is recommended that the CDM adopts the balanced score card performance management model along with the logic framework model to direct performance management within the institution. The role of the logic framework model with the balanced score card is to develop clear outcomes, objectives and targets. The balanced score card model will clearly capture the future plans of the CDM and will offer the CDM a means of closing the gap between its mission, the objectives found in the IDP, and with the SDBIP, the operational activities aimed at achieving the IDP. There will be a shift of focus from individual initiatives and programmes to intended service delivery outcomes that such initiatives are intended to achieve.

### **5.3.3 Summary of the development of the IDP and performance management system in the CDM**

The theories of performance management discussed in Chapter 2 emphasise that performance management processes start in the planning stage where organisations clarify what must be achieved. Chapter 3 discusses that in local government performance management processes start with developing the IDP, which is a five-year plan that describes the objectives and targets that must be met by municipalities. The objectives and targets must be implemented on an annual basis by municipalities using the SDBIP as a management tool to meet the objectives and targets set in the IDP.

The conclusions based on the findings recorded in Chapter 4 on the practical implementation of the IDP and performance management system by the CDM are that the municipality did develop an IDP and performance management system. Furthermore it annually develops a SDBIP as a management tool, and generates quarterly monitoring reports. It also compiles an annual report. However, the IDP and performance management system the CDM developed have limitations. The general findings from the interviews and document analysis described in Chapter 4 is that the alignment between the IDP and performance management system is limited as the annual performance plan (SDBIP) is not fully aligned to the objectives and targets that are set in the IDP.

It is recommended that:

- Once the municipality has developed a clear strategy depicting long-term objectives, that the development of the SDBIP as an annual implementation and management tool must be aligned and integrated with the IDP objectives and targets. The objectives and targets set in the SDBIP must be same as those in the IDP. The municipality must automate the performance management system to ensure that the objectives and targets set in the IDP and SDBIP are the same.
- The SDBIP, as an annual management tool, must depict how the IDP objectives and targets will be met through projects. The contradictions that exist between the IDP and SDBIP set objectives and targets weaken the monitoring process of the municipality as there is no link with how the SDBIP should achieve the targets and objectives of the IDP. Therefore the IDP projects must used as vehicles to achieve the annual target set in the IDP and SDBIP. The IDP projects template must show what targets projects aim to achieve. This will assist the municipality to see how projects lead to the realisation of the annual targets and objectives of the municipality.

#### **5.3.4 Conclusions and recommendations for CDM performance monitoring processes**

Performance monitoring is the periodic observation (quarterly) of whether municipalities are meeting their targets linked to the set objectives of the IDP. Performance monitoring is a systematic and periodic observation of performance over time in order to develop or verify performance records, to uncover inefficient and ineffective practices, to identify needs for services, and most important, to detect underperformance timeously to avoid the further collapse of performance. It is systematic

tracking and ongoing examination of an organisation's performance by weighing achievements against established performance standards.

Although the CDM generated quarterly monitoring reports stating the corrective measures to be undertaken where there is underperformance, the monitoring process has proved to be poor as no clear monitoring measures and data collection methods have been developed for the municipality to use. The findings reported in Chapter 4 reveal that the CDM performance management system framework developed steps to be undertaken to report performance and non-performance. However, the CDM monitoring processes does not cover how the data verification processes will be undertaken. The poor monitoring measures and data collection method undermine the credibility of monitoring reports that are produced, since the poor verification of data compromises the processes of uncovering inefficient, ineffective practices and the detection of underperformance in the municipality. This, in turn, leads to poor monitoring reports being generated. It can be concluded then, that when the municipality takes the corrective actions, it does not address challenges to unlock performance towards the realisation of the IDP objectives and targets. The findings reported in Chapter 4 were that the corrective actions directed against the challenges the CDM faces state what will be done to overcome the challenge, but do not propose the level of achievement for the corrective action or set target. Furthermore, the CDM 2011/2012 second-quarter or half-yearly performance assessment report is the same as the performance monitoring report, as it depicts the challenges and corrective actions to be undertaken. However, the municipality did not assess whether by mid-year it was geared to achieve the annual targets set in the SDBIP, and hence to achieve the objectives of the IDP.

The following are recommendations on performance monitoring within CDM:

- The integration of performance information from the planning stage of the IDP and SDBIP with clear objectives and targets is recommended, as this will determine what the municipality must monitor. The first steps of integrating performance information should be undertaken when the CDM develops its IDP and SDBIP targets, which must be the same. Thereafter the performance monitoring reports should describe the level of achievement of the SDBIP and IDP targets.



- When corrective actions are proposed in the monitoring reports, they should include the desired level of achievement to be attained by the subsequent quarterly report. This will illustrate the effort being made to achieve the set annual targets.
- When the performance management system framework is reviewed, it should clearly describe the monitoring procedures or system to be followed to ensure that the performance monitoring reports generated are credible where they address areas of underperformance. Furthermore, they should enable lessons to be learned where there is constant improvement of performance. The monitoring procedure or system that is developed should illustrate how monitoring data will be collected, verified and assured. Such a process will enable the municipality constantly to monitor performance towards the achievement of set targets using credible and assured data.
- The development of an information technology system to monitor performance against what was planned will play a vital role in the performance management processes of the CDM. The information system will serve as an early warning system where there is underperformance. It will save time that could be used for analysing the progress towards the achievement of performance targets. Its development must be based on credible and reliable performance information that the municipality should generate for the production of reliable performance monitoring reports.

### **5.3.5 Conclusions and recommendations for performance evaluation in the CDM**

Chapter 2 emphasises the importance of performance management in the public sector as it promotes accountability, while Chapter 3 states that performance evaluation is the last step in developing a performance management system in local government as it informs the council whether to take certain decisions, or to increase the pace of implementing certain objectives or terminate projects that do not contribute to the realisation of the objectives set. These decisions are made to improve performance with the aim of realising the five-year IDP objectives. Municipal performance evaluation is undertaken at mid-financial year (January) to determine whether to adjust the SDBIP quarterly targets to meet the annual targets set against the IDP objectives, and also at the end of the financial year (June) by assessing the level of achievement of the annual target. After assessing the level of achievement of the annual target, municipalities must compile an annual report to account for the level of implementation of the IDP and take informed decisions where necessary to improve service delivery.

From the findings reported in Chapter 4 as to whether the CDM periodically assesses its performance, it can be concluded that organisational performance assessment is not undertaken in the municipality both during the mid-year and at the end of the financial year. It is of grave concern that the municipal manager is assessed on the overall performance of the municipality, while there is no organisational performance assessment report that uncovers obstacles, barriers, or unexpected opportunities that may emerge, or to identify mid-course adjustments and corrections that could help ensure the success of the realising the objectives and targets set in the IDP.

The findings on the use of the annual report to review the IDP depicts a concerning trend. Some of the interviewed respondents indicated that the annual report is used to review the IDP, while others did not know this. Furthermore, the 2011/2012 Annual Report is not fully aligned to the IDP objectives and targets of the municipality. The conclusion is that the annual report is not compiled to evaluate the overall performance of the municipality. This, in turn, means that the inability to evaluate the performance of the municipality based on what was planned implies that, when the IDP is reviewed, either new strategies, objectives and targets are set or the current ones are retained without revisiting the annual report to assess whether it is necessary to adjust them. Without an assessment of the performance of the municipality through the annual report of the CDM the council is unable to take decisions to improve service delivery.

It is recommended that:

- The CDM council must undertake organisational performance assessment to analyse the extent of its implementation of targets that are set to meet the annual targets. The process must be spearheaded by the municipal manager at administration level and the executive mayor must report the level of target achievement to the council. The performance assessment reports must be generated in January for them to inform the SDBIP adjustment processes. The same process must be undertaken in June, that is at the end of the financial year. The annual assessment report generated in June must be consolidated into the annual report with the intention of informing the council whether the IDP has achieved its intended objectives.

- The compilation of the annual report is meant for the council to take decisions based on the results it reflects. The results given in the annual report should be used to review the IDP of the municipality to meet the objectives set.

#### **5.4 Limitations of the study**

The study has limitation that must be taken into consideration. The following are limitations:

- The study used the purposive sampling method and therefore some experts within the municipality may have been excluded in the study. Hence it is probable that different results on the conclusions and recommendation of the alignment of the IDP and performance management system may have occurred.
- Neither the municipal manager nor the executive mayor were included in the study owing to their unavailability because of council-related commitments when the research was undertaken. Both the executive mayor and the municipal manager could have provided more insight on the benefits and challenges of the processes of developing an aligned IDP and performance management system for the CDM.
- Document analysis of the IDP, SDBIP, and the quarterly and annual reports was limited to only one financial year. Analysis of the documents after the 2011/2012 financial year was not undertaken to illustrate the improvement registered by the municipality in achieving the alignment of the IDP and performance management system. The limitation is that the trends of improvement over years were not analysed.

#### **5.5 Recommendation for further studies**

The research project was undertaken at the CDM in the Limpopo Province and its findings are applicable only to that municipality. The following avenues for future and further research are:

- Further research could include the five local municipalities found within the district to test the alignment of all six municipalities' IDPs and performance management systems. A comparison of the trends of results across the five municipalities in the CDM will provide better conclusions on the level of service delivery improvement within the district.

- Analyses of the extent to which the performance objectives and targets are a reliable measure of the performance of municipalities should be undertaken. Processes and procedures to test whether municipal performance objective and targets are reliable will enable municipalities to produce accurate data on their level of performance.
- There should be an evaluation of the tools and procedures used to monitor and evaluate performance management systems for local government in South Africa. The processes of monitoring and evaluating the performance of municipalities will be similar and allow benchmarking across the country. The benchmarking of results will enable government to channel resources where there is a need.

## 5.6 Conclusion

In conclusion, the alignment of the CDM's IDP and the performance management system has critical shortcomings from its planning to its monitoring and evaluation stages. A number of factors could have contributed to the limited alignment of the IDP and performance management system. While the municipality has arranged itself internally for the implementation of the performance management system, nevertheless the performance management framework does not fully answer who, what and how organisational performance management processes should be managed in the municipality through all the phases – planning, monitoring and evaluation. The CDM should strengthen the capacity of the council and management to comprehend and have practical experience of the planning, monitoring and evaluation concepts to achieve improved service delivery through the alignment of the IDP and performance management system.

The alignment of the IDP and performance management system is achieved when the IDP and the SDBIP have the same objectives and targets. The CDM's IDP has objectives and targets that must be met, while in many instances the SDBIP has different targets. The shortcomings are that the CDM is unable to monitor and evaluate its level of achieving the objectives and targets set in the IDP. It is recommended that the developed objectives and targets found in the IDP should be the same in the SDBIP and in the monitoring reports and annual report of the CDM. The CDM must set the same SDBIP targets as those found in the IDP and which are linked to IDP objectives so that the same objectives and targets will be monitored and evaluated.

Every quarter, the municipality develops the monitoring reports with corrective actions to address the challenges experienced in its attempt to achieve the set targets. It is recommended that the proposed corrective action should illustrate what must be achieved in the next quarter. The CDM's second and last quarter reports for the financial year do not assess the performance of the municipality. The generated reports state only what was achieved and not achieved along with the corrective action to be undertaken. The CDM should assess its performance at the mid-year (January) and at the end of the financial year. The processes of assessing its performance will enable the council to evaluate its performance during the financial year and to compile an annual report. The annual report will inform the council regarding the taking of certain decisions or the adjusting of targets set during the IDP review process with the intentions of achieving the five-year objectives of the IDP.

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**Annexure A : CDM 2011/2012 and 2012/2013 IDP objectives**

2011/2012 IDP Objectives	2012/2013 IDP objectives
To have 100% of households with access to basic services (water, sanitation & electricity) by 2014	To provide affordable, clean and potable water according to RDP standards to 100% of the population by 2014
To manage the conservation and protection of the environment to ensure sustainable development and use of natural resources	To manage the conservation and protection of the environment
To reduce the number of new HIV infections by half by 2015	To reduce by 50% the rate of new HIV infections by 2016
To protect the municipality from potential risk through the development and coordination of risk management strategies	To protect the municipality from potential risk
To become a regional information hub and e-municipality to enhance sustainable development	To render effective Information Technology support services to the Municipality

**Annexure B: Discrepancies in the alignment of the 2011/2012 IDP AND performance management system of CDM**

IDP					SDBIP 2011/2012	Mid-year report 2011/2012		2011/2012 Annual report
Strategic objective	Key performance indicator	Target 2011/2012	Target 2012/2013	Target 2013/2014	Annual target	Annual target	Quarter 2	
To ensure that effective governance is implemented and support to improve and sustain service delivery	Number of functional oversight committee	100% compliance to political functionaries of council see IDP 2011/2012:113/ Strategies and Objectives for Executive Management Department	100% compliance to political functionaries of council	100% compliance to political functionaries of council	IDP annual target not set	IDP annual target not set	No report against the IDP annual target	No report against the IDP annual target
To render emergency and disaster	Availability of emergency and disaster	Render emergency and disaster services in 4 local	Render emergency and disaster	Render emergency and disaster	IDP annual target not	IDP annual target	No report against the IDP	No report against the IDP annual



IDP					SDBIP 2011/2012	Mid-year report 2011/2012		2011/2012 Annual report
Strategic objective	Key performance indicator	Target 2011/2012	Target 2012/2013	Target 2013/2014	Annual target	Annual target	Quarter 2	
management	management services implementation plan	municipalities (see IDP 2011/2012:111/ Strategies and Objectives for Community Services Department)	services in 4 local municipalities	services in 4 local municipalities	set	not set	annual target	target
To ensure financial security by having positive cash position by June each year	Financially viable cash flow management	Positive cash flow with liquidity ratio of 0.80:1(see IDP 2011/2012:128/ Strategies and Objectives for	Positive cash flow with liquidity ratio of 1:1	Positive cash flow with liquidity ratio of 1:1	IDP annual target not set	IDP annual target not set	No report against the IDP annual target	No report against the IDP annual target

IDP					SDBIP 2011/2012	Mid-year report 2011/2012		2011/2012 Annual report
Strategic objective	Key performance indicator	Target 2011/2012	Target 2012/2013	Target 2013/2014	Annual target	Annual target	Quarter 2	
		Finance Department)						
To become a regional information hub and e-municipality to enhance sustainable development	Monthly Automated report on IT Support	Automated report on IT Support (see IDP 2011/2012:121/ Strategies and Objectives for Corporate Services)	Automated report on IT Support	Automated report on IT Support	IDP annual target not set	IDP annual target not set	No report against the IDP annual target	No report against the IDP annual target
To have 100% households with access to basic services (water,	Wastewater treatment plants effluent complying with	2 wastewater treatment plants effluent complying with SANS	4 wastewater treatment plants complying with	6 wastewater treatment plants effluent complying with	IDP annual target not	IDP annual target	No report against the IDP annual	No report against the IDP annual

IDP					SDBIP 2011/2012	Mid-year report 2011/2012		2011/2012 Annual report
Strategic objective	Key performance indicator	Target 2011/2012	Target 2012/2013	Target 2013/2014	Annual target	Annual target	Quarter 2	
sanitation & electricity) by 2014	SANS 241	241(see IDP 2011/2012:108/ Strategies and Objectives for Infrastructure Development)	SANS 241	SANS 241	set	not set	target	target
IDP					SDBIP 2011/2012	Mid-year report 2011/2012		2011/2012 Annual report
Strategic objective	Key performance indicator	Target 2011/2012	Target 2012/2013	Target 2013/2014	Annual target	Annual target	Quarter 2	
To ensure that effective	Number of functional	100% compliance to political	100% compliance to	100% compliance to	IDP annual	IDP annual	No report against	No report against the

IDP					SDBIP 2011/2012	Mid-year report 2011/2012		2011/2012 Annual report
Strategic objective	Key performance indicator	Target 2011/2012	Target 2012/2013	Target 2013/2014	Annual target	Annual target	Quarter 2	
governance is implemented and support to improve and sustain service delivery	oversight committee	functionaries of council see IDP 2011/2012:113/ Strategies and Objectives for Executive Management Department	political functionaries of council	political functionaries of council	target not set	target not set	the IDP annual target	IDP annual target
To render emergency and disaster management	Availability of emergency and disaster management services implementation	Render emergency and disaster services in 4 local municipalities (see IDP 2011/2012:111/	Render emergency and disaster services in 4 local municipalities	Render emergency and disaster services in 4 local municipalities	IDP annual target not set	IDP annual target not set	No report against the IDP annual target	No report against the IDP annual target

IDP					SDBIP 2011/2012	Mid-year report 2011/2012		2011/2012 Annual report
Strategic objective	Key performance indicator	Target 2011/2012	Target 2012/2013	Target 2013/2014	Annual target	Annual target	Quarter 2	
	plan	Strategies and Objectives for Community Services Department)						
To ensure financial security by having positive cash position by June each year	Financially viable cash flow management	Positive cash flow with liquidity ratio of 0.80:1(see IDP 2011/2012:128/ Strategies and Objectives for Finance Department)	Positive cash flow with liquidity ratio of 1:1	Positive cash flow with liquidity ratio of 1:1	IDP annual target not set	IDP annual target not set	No report against the IDP annual target	No report against the IDP annual target
To become a	Monthly	Automated report	Automated	Automated	IDP	IDP	No report	No report

IDP					SDBIP 2011/2012	Mid-year report 2011/2012		2011/2012 Annual report
Strategic objective	Key performance indicator	Target 2011/2012	Target 2012/2013	Target 2013/2014	Annual target	Annual target	Quarter 2	
regional information hub and e-municipality to enhance sustainable development	Automated report on IT Support	on IT Support (see IDP 2011/2012:121/ Strategies and Objectives for Corporate Services)	report on IT Support	report on IT Support	annual target not set	annual target not set	against the IDP annual target	against the IDP annual target
To have 100% households with access to basic services (water, sanitation & electricity) by 2014	Wastewater treatment plants effluent complying with SANS 241	2 wastewater treatment plants effluent complying with SANS 241( see IDP 2011/2012:108/ Strategies and	4 wastewater treatment plants complying with SANS 241	6 wastewater treatment plants effluent complying with SANS 241	IDP annual target not set	IDP annual target not set	No report against the IDP annual target	No report against the IDP annual target

IDP					SDBIP 2011/2012	Mid-year report 2011/2012		2011/2012 Annual report
Strategic objective	Key performance indicator	Target 2011/2012	Target 2012/2013	Target 2013/2014	Annual target	Annual target	Quarter 2	
		Objectives for Infrastructure Development)						

**Annexure C: Discrepancies in the alignment of the IDP and the SDBIP**

Performance indicators and targets from 2011/2012 IDP			Corresponding entry in the 2011/2012 SDBIP		
IDP objectives	Key performance indicator	Target	Output/Project	Indicator	Target
To have 100% households with access to basic services (water, sanitation & electricity) by 2014	Number households with access to basic sanitation (see IDP 2011/2012:109/ Strategies and Objectives for Infrastructure Department)	53% households with access to sanitation (1,143 VIP units) (see IDP 2011/2012:109/ Strategies and Objectives for Infrastructure Department)	Number of households with access to basic sanitation	285 566 households with access to sanitation (see SDBIP 2011/2012:06)	148066 households with access to sanitation (see SDBIP 2011/2012:06)
To have 100% households with access to basic services (water, sanitation & electricity) by 2014	Number of people with access to safe, accessible and quality transport services(see IDP 2011/2012:109/ Strategies and Objectives for Infrastructure Department)	36% having access to transport(see IDP 2011/2012:109/ Strategies and Objectives for Infrastructure Department)	Quality Assurance	4km to be tarred from Mamaolo to Seleteng (see SDBIP 2011/2012:6)	3km of road to be tarred by June 2012 (see SDBIP 2011/2012:06)
				Km of roads to be tarred at Aganang LM (see SDBIP 2011/2012:06)	1km to be tarred by June 2012(see SDBIP 2011/2012:06)



Performance indicators and targets from 2011/2012 IDP			Corresponding entry in the 2011/2012 SDBIP		
IDP objectives	Key performance indicator	Target	Output/Project	Indicator	Target
To provide strategic leadership to, and coordination of, the Capricorn District Municipality communication and, public liaison,	75% advertising of municipal activities in print and electronic media (see IDP 2011/2012:117/ Strategies and Objectives for Executive Management Department)	100% advertising of municipal activities in print and electronic media by June 2012(see IDP 2011/2012:117/ Strategies and Objectives for Executive Management Department)	Advertising (broadcasting, newspapers, magazines, website, trailer)	% advertising of municipal activities in print and electronic media(see SDBIP 2011/2012:30)	100% of advertising of municipal activities in print and electronic media(see SDBIP 2011/2012:30)
To provide independent overall assessment of the internal control systems, risk management and governance processes in order to strengthen accountability through proactive oversight	One quarterly assurance review report by Provincial Treasury(see IDP 2011/2012:115/ Strategies and Objectives for Executive Management Department)	65% compliance withto standards (see IDP 2011/2012:115/ Strategies and Objectives for Executive Management Department)		Quality review report (see SDBIP 2011/2012:29)	One quality review report (see SDBIP 2011/2012:29)

**ANNEXURE D: CDM 2011/2012 SECOND QUARTER REPORT**

<b>Output/ Project</b>	<b>KPI</b>	<b>Annual Target</b>	<b>1<sup>st</sup> quarter target</b>	<b>2<sup>nd</sup> quarter target</b>	<b>Progress</b>	<b>Total budget (Capex/Opex )</b>	<b>Expenditure</b>	<b>Challenges</b>	<b>Corrective measures</b>
To attract and endeavour to retain competent human capital	% compliance with Employment Equity Plan	100%	100%	100%	Not achieved Equity plan was adopted in October 2011	Opex	Nil	Not complying on top management posts	To target women and people with disabilities for vacant posts
	Number of employment equity reports compiled and submitted	4	1	1	Not achieved. 70% Employment equity is reported annually in January	Opex	Opex	Required by 16 January 2012.	Will be submitted before 16 January 2012.
Capex expenditure	% of expenditure on Capex budget	100% budget spent on Capex	25 % budget spent on Capex	50% budget spent on Capex	28% budget spent o Capex	R344m	R47.7m	Capital projects still at tenders stage	Projects implementation to start in the 3 <sup>rd</sup> quarter
	MIG project budget expenditure	100% expenditure	25% expenditure	25% expenditure	Not achieved 19.62% expenditure	173,914,000.00	34,125,135.38	Projects are at tender award stage and evaluation stage	Fast track registration of projects and appointment of contractors after closing of tenders
Health and hygiene	Number of Health and Hygiene	59	3	3	Not achieved A concept document	80 000.00	Nil	The project will be implemented	To be incorporated as part of

Output/ Project	KPI	Annual Target	1 <sup>st</sup> quarter target	2 <sup>nd</sup> quarter target	Progress	Total budget (Capex/Opex )	Expenditure	Challenges	Corrective measures
	programmes implemen- ted				and strategy to implement the project has been developed.			internally	Customer Care project.
Number of households with access to basic sanitation	285 565 households having access to basic sanitation	148066 house- holds with access to basic sanitation	147316 house- holds with access to basic sanitation	147566 house- holds with access to basic sanitation	Not achieved  2 projects are at tender award stage.  02 project at evaluation stage 1 project at design stage	8 000 000.00	826 300	The projects are at evaluation stage and tender advertise- ment stage.	The target will be achieved after completion of projects

Source: 2011/2012 CDM Second Quarter Report

**Annexure E: Comparison of the alignment of the 2011/2012 IDP, 2011/2012 annual report and 2012/2013 IDP**

<b>2011/2012 IDP strategic objective</b>	<b>Key performance indicator</b>	<b>Target 2011/2012</b>	<b>Annual Report 2011/2012</b>	<b>2012/2013 IDP strategic objective</b>	<b>Target 2012/2013</b>
To have 100% households with access to basic services (water, sanitation & electricity) by 2014 (see IDP 2011/2012:108/ Strategies and Objectives for Infrastructure Services Department)	Number of households with access to basic sanitation	53% households with access to sanitation (1,143 VIP units)	51,6% of the households have sanitation services equal or above RDP standards (see Annual Report 2011/2012:48/ Comment on sanitation services performance overall)	To provide sanitation service to 100% of the population by 2014(see IDP 2012/2013:84/ Basic service delivery, Infrastructure services )	No target set against the strategic objective, only strategies, projects and budget are set
To provide support to the executive mayor, speaker and chief whip (see IDP 2011/2012:113/ Strategies and Objectives for Executive Management Department)	Sustain provision of due support for the councillors (p113)	100% support for councillors	Comprehensive support for political functionaries and council established (see Annual Report 2011/2012:80/ Executive and Council)	To provide support for the executive mayor, speaker and chief whip (see IDP 2012/2013:93/ Good governance and public participation, executive management )	No target set against the strategic objective, only strategies, projects and budget are set
To protect the	Availability of the	Approved risk	2011-2012 risk	To protect the	No target set against the strategic

<b>2011/2012 IDP strategic objective</b>	<b>Key performance indicator</b>	<b>Target 2011/2012</b>	<b>Annual Report 2011/2012</b>	<b>2012/2013 IDP strategic objective</b>	<b>Target 2012/2013</b>
municipality from potential risk through development and coordination of risk management strategies (see IDP 2011/2012:116/ Strategies and Objectives for Executive Management Department )	risk profile	profile 2011-2012	profile approved.  (see Annual Report 2011/2012:144/ Organisational performance scorecard)	municipality from potential risk (see IDP 2012/2013:94/ Good governance and public participation, executive management)	objective, only strategies, projects and budget are set
No strategic objectives , key performance indicators and targets set in the IDP	No strategic objectives, key performance indicators and targets set in the IDP	No strategic objectives, key performance indicators and targets set in the IDP	Citizens' report produced.( see Annual Report 2011/2012:152/ Organisational performance scorecard)	To ensure community participation and involvement to inform decision making (see IDP 2012/2013:90/ Municipal transformation and organisational development)	Customer satisfaction framework/survey(external and internal )is set as a project to be achieved
Develop, manage, reward, engage and retain Capricorn District	% compliance with staff provisioning plan/cycle.	95% compliance with staff provisioning plan/cycle	No report on recruitment for the 2011/2012 financial year	To manage the human capital of the municipality (see IDP	Recruitment services is set as a project to be achieved

2011/2012 IDP strategic objective	Key performance indicator	Target 2011/2012	Annual Report 2011/2012	2012/2013 IDP strategic objective	Target 2012/2013
Municipality's employees to ensure that municipality's strategic objectives are met; and help to make Capricorn District Municipality the REAL employer of choice. See IDP 2011/2012:124/ Strategies and Objectives for Corporate Services )				2012/2013:91/ Municipal transformation and organisational development )	

## Annexure F: Research questionnaire

### SECTION A: DEMOGRAPHICS/EMPLOYMENT OVERVIEW

#### 1. Gender

Male	Female

#### 2. Age group

51+	
46 – 50	
41 – 45	
36 – 40	
31 – 35	
25 - 30	

#### 3. Period of experience in local government

26+	
21 – 25	
16 – 20	
11 – 15	
06 – 10	
01 – 05	

4. Highest level of education/qualification

Matric		Honours	
3-year degree		B Degree	
4-year degree		Masters	
		PhD	

5. Job position

Executive mayor		Senior manager		Municipal manager		Manager	
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6. Period of experience in current position

26+	
21 – 25	
16 – 20	
11 – 15	
06 – 10	
01 – 05	
Less than 1	



<b>SECTION B: INSTITUTIONAL ARRANGEMENT</b>
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- 1. The council and mayoral committee participate in the development of the performance management system of the Capricorn District Municipality.**

<b>Strongly agree</b>	<b>Agree</b>	<b>Don't know</b>	<b>Disagree</b>	<b>Strongly disagree</b>
<p>If you agree/strongly agree, elaborate:</p>     <p>If you disagree/strongly disagree, please explain why:</p>				

- 2. The municipal manager and senior managers participate in the development of the performance management system of the Capricorn District Municipality.**

<b>Strongly agree</b>	<b>Agree</b>	<b>Don't know</b>	<b>Disagree</b>	<b>Strongly disagree</b>
<p><b>If</b> you agree/strongly agree, elaborate:</p>     <p>If you disagree/strongly disagree, please explain why:</p>				

**SECTION C: PERFORMANCE PLANNING**

Please provide your response to the following statements. Please explain or provide examples in support of your answers where relevant

3. There is a formal, documented strategic plan that guides the operations of Capricorn District Municipality.

<b>Strongly agree</b>	<b>Agree</b>	<b>Don't know</b>	<b>Disagree</b>	<b>Strongly disagree</b>
<p>If you agree/strongly agree, elaborate:</p> <p>If you disagree/strongly disagree, please explain why:</p>				

4. The IDP of the Capricorn District Municipality sets objectives and targets that must be met.

<b>Strongly agree</b>	<b>Agree</b>	<b>Don't know</b>	<b>Disagree</b>	<b>Strongly disagree</b>
<p>If you agree/strongly agree, elaborate:</p> <p>If you disagree/strongly disagree, please explain why:</p>				

5. There is alignment between the IDP and performance management system of the Capricorn District Municipality.

<b>Strongly agree</b>	<b>Agree</b>	<b>Don't know</b>	<b>Disagree</b>	<b>Strongly disagree</b>
<p>If you agree/strongly agree, elaborate:</p>				

If you disagree/strongly disagree, please explain why:

**6. The SDBIP is a management tool used by the Capricorn District to implement the IDP.**

<b>Strongly agree</b>	<b>Agree</b>	<b>Don't know</b>	<b>Disagree</b>	<b>Strongly disagree</b>
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If you agree/strongly agree, elaborate:

If you disagree/strongly disagree, please explain why:

**SECTION D: PERFORMANCE MONITORING**

- 7. The municipality has procedures/systems in place that measure performance against set objectives and targets.**

<b>Strongly agree</b>	<b>Agree</b>	<b>Don't know</b>	<b>Disagree</b>	<b>Strongly disagree</b>
<p>If you agree/strongly agree, elaborate:</p> <p>If you disagree/strongly disagree, please explain why:</p>				

- 8. Performance targets are used to determine progress against set objectives.**

<b>Strongly agree</b>	<b>Agree</b>	<b>Don't know</b>	<b>Disagree</b>	<b>Strongly disagree</b>
<p>If you agree/strongly agree, elaborate:</p> <p>If you disagree/strongly disagree, please explain why:</p>				

- 9. The monitoring process is used to provide corrective actions that must be undertaken where underperformance is identified.**

<b>Strongly agree</b>	<b>Agree</b>	<b>Don't know</b>	<b>Disagree</b>	<b>Strongly disagree</b>
<p>If you agree/strongly agree, elaborate:</p> <p>If you disagree/strongly disagree, please explain why:</p>				

**SECTION E: EVALUATION**

**10. The municipality periodically assesses its performance to determine the level of achievement or non-achievement of objectives and targets set.**

Yearly	
Quarterly	
Monthly	

<b>Strongly agree</b>	<b>Agree</b>	<b>Don't know</b>	<b>Disagree</b>	<b>Strongly disagree</b>
<p><b>If you agree/strongly agree, elaborate:</b></p>          <p><b>If you disagree/strongly disagree, please explain why:</b></p>				

**11. The evaluation results of the annual report are used to review the IDP of the municipality.**

Yearly	
Quarterly	
Monthly	

<b>Strongly agree</b>	<b>Agree</b>	<b>Don't know</b>	<b>Disagree</b>	<b>Strongly disagree</b>
<p>If you agree/strongly agree, elaborate:</p>          <p>If you disagree/strongly disagree, please explain why:</p>				

**In your opinion what components of the performance management system of the Capricorn District Municipality must be improved?**

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**Annexure G: Responses and comments from the interview**

Research question	Interview scale	Number of interviewees	Responses/comments from the interviews
Council and mayoral committee participate in the development of the performance management system of the Capricorn District Municipality.	Strongly agree	3	<p><i>“Administration comes up with the draft that is approved through the portfolio committee, MAYCO and Council. “</i></p> <p><i>“Mayoral committee and council approve the performance reports that are generated by administration.”</i></p> <p><i>“The Mayoral committee and council are the approving authority. Policies of the municipality are approved by them.”</i></p>

Research question	Interview scale	Number of interviewees	Responses/comments from the interviews
	Agree	4	<p><i>“During public participation council is involved. They comment on projects of the IDP and performance management system. Council drafts the targets and monitors performance on monthly basis.”</i></p> <p><i>“Mayoral committee approves the performance management system and council approves it .Councillors from the portfolio committee are in the loop of the development and implementation of the performance management system.”</i></p> <p><i>“The Council champions the process. In the IDP it sets the target and projects which translate into the performance</i></p>



Research question	Interview scale	Number of interviewees	Responses/comments from the interviews
			<p><i>management system.”</i></p> <p><i>“Council is involved in the development of the performance management system.”</i></p>
	Disagree	1	<p><i>“Performance management system is mainly discussed among officials. Mayoral committee and council only approve”.</i></p>
The municipal manager and senior managers participate in the development of the performance management system of the Capricorn District Municipality.	Strongly agree	5	<p><i>“The municipal manager and senior managers are fully involved and after adoption they develop the SDBIP.</i></p> <p><i>“Senior managers see to it that the performance management system is established, approved and implemented. Their performance is based on the</i></p>

Research question	Interview scale	Number of interviewees	Responses/comments from the interviews
			<p><i>performance management system developed in the municipality.”</i></p> <p><i>“The municipal manager and senior managers are involved in the budget/ IDP steering committee. Each manager is responsible for the targets.”</i></p> <p><i>“Management is the custodian of the performance management processes and the system. Management is the architecture of the performance management system of the municipality.”</i></p> <p><i>“Administration comes up with the draft policy and evaluates it whether it will achieve its objectives. This is done through</i></p>

Research question	Interview scale	Number of interviewees	Responses/comments from the interviews
			<p><i>management levels.”</i></p> <p><i>“The performance of the municipality emanates from the SDBIP. The municipal manager chairs the executive management to manage performance.”</i></p> <p><i>“The municipal manager and senior managers are the top layer management of the institution. Policy is discussed first at management level. Conceptualisation of policy document is done at this state. It includes the performance management system policy.”</i></p>
	Agree	2	<p><i>“Management is responsible to develop the performance management system that is</i></p>

Research question	Interview scale	Number of interviewees	Responses/comments from the interviews
			<p><i>subsequently adopted by council.”</i></p> <p><i>“Management is involved in the development of the SDBIP which forms part of the performance management system of the municipality.”</i></p>
	Disagree	1	<p><i>“Performance management system is mainly developed by the PMS unit. Management deliberates through presentation and that is where awareness is developed of the policy.”</i></p> <p><i>“Even though the municipal manager can delegate the performance management function to a senior manager, the CDM performance management framework has</i></p>

Research question	Interview scale	Number of interviewees	Responses/comments from the interviews
			<i>no specific reference to the delegation of the performance management role played by the municipal manager and senior managers in the development of the performance management system.”</i>

### Performance planning

Research question		Number of interviewees	Caption of the responses from the interview
There is a formal documented strategic plan that guides the operation of the Capricorn District Municipality.	Strongly agree	4	<p><i>“IDP is the strategic plan of the municipality.”</i></p> <p><i>“The document strategic plan is the IDP: it guides service delivery planning and implementation.”</i></p> <p><i>“For every five-year term there is an IDP which is reviewed annually, and forms basis for service delivery programmes. The SDBIP is used as a tool in an action plan that is measurable.”</i></p>

Research question		Number of interviewees	Caption of the responses from the interview
			<i>“The municipality has developed a five- year IDP which is reviewed annually; it guides the performance of the municipality every financial year.”</i>
	Agree	4	<p><i>“The IDP of the municipality sets targets and objectives monitored through the SDBIP.”</i></p> <p><i>“The IDP is the strategic plan of the municipality. It has strategic objectives that must be met.”</i></p> <p><i>“The IDP and the SDBIP are strategic document of the municipality.”</i></p>

Research question		Number of interviewees	Caption of the responses from the interview
			<i>“The SDBIP is the main document that is used as a strategic plan of the municipality.”</i>
The IDP sets objectives and targets that must be met.	Strongly agree	8	<p><i>“Core components of the IDP are to set objectives and targets. Based on the priorities of the municipality the municipality sets targets.”</i></p> <p><i>“The objectives, targets and indicators are contained in the IDP.”</i></p> <p><i>“In the IDP there are priority areas, objectives and baselines that must be met. “</i></p>



Research question		Number of interviewees	Caption of the responses from the interview
			<p><i>“There is a five-year strategic document for the council five-year term. On annual basis the strategies are reviewed.”</i></p> <p><i>“The IDP sets objectives and targets that must be met every financial year. On an annual basis there is a review of the objectives where there is poor performance.”</i></p> <p><i>“It is legislated that municipalities must develop an IDP with objectives and targets.”</i></p> <p><i>“The objectives and targets are set</i></p>

Research question		Number of interviewees	Caption of the responses from the interview
			<p><i>in the IDP of the municipality.”</i></p> <p><i>“In terms of management of the institution the performance plan emanates from the targets of the IDP which is turned into an operational plan.”</i></p>
There is alignment between the IDP and performance management system of the Capricorn District Municipality.	Strongly agree	5	<p><i>“All projects in the IDP find expression in the SDBIP which is the implementation plan of the municipality.”</i></p> <p><i>“After the IDP is adopted the SDBIP is developed and aggregated into an annual target through quarterly targets.”</i></p>

Research question		Number of interviewees	Caption of the responses from the interview
			<p><i>“The IDP is the strategic plan of the municipality while the performance management system implements the IDP. The IDP elaborates how the targets set are going to be met.”</i></p> <p><i>“Performance management system is informed by the IDP. It implements the IDP through the SDBIP. It is through the SDBIP where performance management starts.”</i></p> <p><i>“All projects find expression in the SDBIP which is an implementation tool.”</i></p>

Research question		Number of interviewees	Caption of the responses from the interview
	Agree	3	<p><i>“The basis for the performance plan is to operationalise the IDP. Performance management system is linked with the IDP. The SDBIP reflects the strategic objectives of the IDP.”</i></p> <p><i>“Although there is room for improvement, performance management must fully be informed by the IDP.”</i></p> <p><i>“The annual report and SDBIP must reflect what is in the IDP. In most cases there is misalignment of the documents.”</i></p>

Research question		Number of interviewees	Caption of the responses from the interview
The SDBIP is a management tool used by the Capricorn District to implement the IDP.	Strongly agree	6	<p><i>“The SDBIP has an annual target that is aggregated into quarterly targets.”</i></p> <p><i>“The IDP is strategic while the SDBIP aggregates the annual target into quarterly targets on how service delivery will be met.”</i></p> <p><i>“The SDBIP sets indicators and the budget of the municipality. Projects are linked to the budget. A tool to implement the IDP.”</i></p> <p><i>“The municipality cannot implement and spend on anything that is not in the SDBIP.”</i></p>

Research question		Number of interviewees	Caption of the responses from the interview
			<i>“All the projects contained in the IDP are contained in the SDBIP to monitor implementation.”</i>
	Agree	2	<i>“The SDBIP has projects that implement the IDP and it constitutes activities that will be implemented in a financial year.”</i>  <i>“The SDBIP is aligned to the IDP.”</i>

**PERFORMANCE MONITORING**

Research question	Interview scale	Number of interviewees	Caption of the responses from the interview
The municipality has procedures/systems in place that measure performance against set objectives and targets.	Strongly agree	6	<p><i>“Audit of the quarterly targets as set in the quarterly targets. This is done to assess how far the municipality is reaching its targets.”</i></p> <p><i>“The municipality every quarter checks how it achieves the annual targets that are set.”</i></p> <p><i>“Quarterly reviews is undertaken to review the performance of managers, this is done against the objectives and targets.”</i></p>

Research question	Interview scale	Number of interviewees	Caption of the responses from the interview
			<p><i>“On a quarterly basis the municipality monitors their performance. SDBIP measures achievement against quarterly targets. Analysis of the municipality is undertaken by PMS Strategic Business Unit.”</i></p> <p><i>“Performance review session to monitor the targets and objectives of the IDP for the financial year.”</i></p> <p><i>“There is a scorecard to monitor the targets through the financial year.”</i></p>



Research question	Interview scale	Number of interviewees	Caption of the responses from the interview
			<i>“There is a reporting template developed for all managers to use when reporting.”</i>
	Agree	2	<i>“Each manager keeps a portfolio of evidence for achievement and no achievement of targets.”</i>  <i>“Performance is measured in terms of the SDBIP which informs the performance contracts of management.”</i>
Performance targets are used to determine the progress against objectives.	Strongly agree	5	<i>“There are certain steps that are taken to meet set objectives.”</i>

Research question	Interview scale	Number of interviewees	Caption of the responses from the interview
			<p><i>“The performance targets indicate as milestones to achieve the objectives of the municipality.”</i></p> <p><i>“The municipality sets targets against objectives. The target determines progress on quarterly basis.”</i></p> <p><i>“Annual target broken down quarterly for progress reporting. The quarterly targets are used to achieve the annual report.”</i></p> <p><i>“The IDP contains the targets based on objectives of key priorities. The targets determine</i></p>

Research question	Interview scale	Number of interviewees	Caption of the responses from the interview
			<i>the review of the IDP. Targets are implemented and measure whether the municipality is reaching its objectives."</i>
	Agree	2	<p><i>"The targets must be quantitative to gauge whether the objectives and targets are met."</i></p> <p><i>"Departments are required to report on quarterly basis to achieve annual target."</i></p>
	Don't know	1	
The monitoring process is used to provide corrective actions that must be undertaken where	Strongly agree	5	<i>"Through monitoring there is identification of poor performance in the process."</i>

Research question	Interview scale	Number of interviewees	Caption of the responses from the interview
underperformance is identified.			<p><i>“When specific targets are not met, corrective action is undertaken to achieve the annual target.”</i></p> <p><i>“Quarterly reports are developed in line of the SDBIP. Template for reporting requires the municipality to state reasons for underachievement and corrective action to address non-achievement of the target.”</i></p> <p><i>“Performance audit committee plays a role for the municipality to focus to achieve the targets. This assists the municipality to focus on taking corrective</i></p>

Research question	Interview scale	Number of interviewees	Caption of the responses from the interview
			<p><i>measures where there is underperformance.”</i></p> <p><i>“There is identification of areas of underperformance and poor performance. There are processes of checking whether the report is a true reflection of what transpired. The analysis is taken to management and mayoral committee.”</i></p>
	Agree	3	<p><i>“The municipality through internal audit based on the reports review for achievement, non-achievement and partial achievement. Corrective action is undertaken where there is no</i></p>

Research question	Interview scale	Number of interviewees	Caption of the responses from the interview
			<p><i>achievement.”</i></p> <p><i>“On quarterly basis there is corrective action to address the progress of targets.”</i></p> <p><i>“Through the monitoring of targets the municipality is able to identify underperformance and what corrective action must be undertaken. Where there is under performance there is training.”</i></p>

**PERFORMANCE EVALUATION**

Research question	Interview scale	Number of interviewees	Caption of the responses from the interview
The municipality periodically assesses its performance to determine the level of achievement or non-achievement of objectives and targets set.	Strongly agree	6	<p><i>“On quarterly basis there is assessment and there after annual assessment is undertaken to produce the annual report.”</i></p> <p><i>“Quarterly there is assessment of departments how they reaching their target thereafter annual assessment. Monthly progress is not documented to achieve the quarterly targets.”</i></p> <p><i>“Assessments done on quarterly basis. Assessment is done quarterly to officials of the municipality. The municipal</i></p>

Research question	Interview scale	Number of interviewees	Caption of the responses from the interview
			<p><i>manager is evaluated for the municipality. The evaluation is also done in collaboration with external stakeholders.”</i></p> <p><i>“Throughout the financial year (monthly to yearly). The monthly is compiled towards the assessment of the quarterly reports. Quarterly reports are used to assess towards the achievement of the annual report.”</i></p> <p><i>“Quarterly and yearly the municipality assesses its achievement of set targets.”</i></p> <p><i>“On monthly basis the</i></p>



Research question	Interview scale	Number of interviewees	Caption of the responses from the interview
			<i>municipality reports and on quarterly basis there is assessment done to determine the level of achievement and non-achievement.”</i>
	Agree	2	<p><i>“Quarterly and annual. At the end of the quarter there is assessment of whether the municipality review its stage of achievement or non-achievement. This is done to ultimately do an annual assessment.”</i></p> <p><i>“Quarterly management meetings to assess performance. The assessment is taken to portfolio committee.”</i></p>

Research question	Interview scale	Number of interviewees	Caption of the responses from the interview
The evaluation results of the annual report are used to review the IDP of Capricorn District Municipality.	Strongly agree	3	<p><i>“During the strategic planning session on annual basis there is review of the IDP based on the annual report. Evaluation of whether there is achievement of the five-year strategy that the municipality has adopted.”</i></p> <p><i>“The annual report flags areas that were not achieved. It is used to review the IDP where there is non-achievement.”</i></p> <p><i>“During the review of the IDP the annual report is used for enhancement.”</i></p>

Research question	Interview scale	Number of interviewees	Caption of the responses from the interview
	Agree	3	<p><i>“The AG report is used to review the IDP process of the municipality.”</i></p> <p><i>“Yearly the evaluation results are used. The annual report depicts the performance of the municipality.”</i></p> <p><i>“It is used to review the IDP of what targets are achieved and non–achieved.”</i></p>
	Don’t know	2	